

**UNITED FINANCIAL INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

31 MARCH 2024

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**REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE CHAIRMAN AND BOARD OF DIRECTORS OF UNITED FINANCIAL INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of United Financial Investment Company (the "Company") and its subsidiaries (together "the Group") as at 31 March 2024 and the related interim condensed consolidated statement of comprehensive income, changes in equity and cash flows for the three months then ended and other explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) "interim financial reporting" as amended by the Central Bank of Jordan instructions. Our responsibility is to express a conclusion on these interim condensed 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 of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not properly prepared, in all material respects, in accordance with International Accounting Standard (34) as amended by the Central Bank of Jordan instructions.

For and on behalf of PricewaterhouseCoopers "Jordan"


Hazem Hanna Sababa
License No. (802)



Amman, Jordan
29 April 2024

UNITED FINANCIAL INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2024

	Note	31 March 2024 JD (unaudited)	31 December 2023 JD (audited)
ASSETS			
Non-current assets			
Property and equipment		1,058,114	1,089,524
Intangible assets		65,216	76,547
Seized assets	4	4,057,768	4,057,768
Financial assets at fair value through other comprehensive income	5	203,841	1,402,903
Deposits of settlement guarantee fund		100,000	100,000
Deferred tax assets	9	1,411,901	1,296,744
		<u>6,896,840</u>	<u>8,023,486</u>
Current assets			
Receivables from financial brokerage customers - net	6	17,322,998	16,314,940
Other debit balances		722,036	715,838
Cash on hand and at banks	7	2,987,881	4,189,786
		<u>21,032,915</u>	<u>21,220,564</u>
TOTAL ASSETS		<u>27,929,755</u>	<u>29,244,050</u>
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Authorized and paid-in capital	8	10,000,000	10,000,000
Statutory reserve	8	1,770,381	1,770,381
Voluntary reserve		40,873	40,873
Fair value reserve – net		(3,046,606)	(1,847,544)
Accumulated losses		(3,697,629)	(3,734,685)
NET SHAREHOLDERS' EQUITY		<u>5,067,019</u>	<u>6,229,025</u>
Liabilities			
Non-current liabilities			
Long - term loan	10	15,412,254	16,173,504
End of service provision		419,689	419,020
		<u>15,831,943</u>	<u>16,592,524</u>
Current liabilities			
Bank overdrafts	10	537,810	-
Loan – current portion	10	3,045,000	3,045,000
Payables to financial brokerage customers		2,218,851	2,285,888
Other credit balances		899,921	913,443
Income tax provision	9	329,211	178,170
		<u>7,030,793</u>	<u>6,422,501</u>
TOTAL LIABILITIES		<u>22,862,736</u>	<u>23,015,025</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>27,929,755</u>	<u>29,244,050</u>

The attached notes from 1 to 15 are an integral part of these interim condensed consolidated financial statements

UNITED FINANCIAL INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2024

	Note	31 March 2024 JD (unaudited)	31 March 2023 JD (unaudited)
Revenues			
Commission income from financial brokerage - net		186,824	206,612
Interest Income		1,058,085	374,331
Rental income		31,250	26,130
Other income		55,336	32,358
Net revenues		<u>1,331,495</u>	<u>639,431</u>
Expenses			
Employees expenses		(302,432)	(199,031)
Other expenses	11	(165,785)	(146,325)
Depreciation and amortization		(45,825)	(6,906)
Expected credit loss provision – Receivables from financial brokerage customers	6	(343,192)	-
Expected credit loss provision – cash and financial institutions	7	-	(52,223)
Interest expense		(312,994)	(356,520)
Total expenses		<u>(1,170,228)</u>	<u>(761,005)</u>
Profit (loss) for the period before Income tax		<u>161,267</u>	<u>(121,574)</u>
Income tax expense for the period	9	(124,211)	(82,123)
Total comprehensive profit (loss) for the period		<u>37,056</u>	<u>(203,697)</u>
Add:			
Other comprehensive income items			
(Loss) profits from valuation of financial assets at fair value through other comprehensive income		(1,199,062)	17,723
Total comprehensive loss for the period		<u>(1,162,006)</u>	<u>(185,974)</u>
Profit (loss) per share	12	<u>0.004</u>	<u>(0.02)</u>

The attached notes from 1 to 15 are an integral part of these interim condensed consolidated financial statements

**UNITED FINANCIAL INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2024**

	Authorized and paid in capital	Statutory reserve	Voluntary reserve	Fair value reserve – net	Accumulated losses	Net shareholders' equity
	JD	JD	JD	JD	JD	JD
For the three months period ended 31 March 2024 (Unaudited)						
Balance as at 1 January 2024	10,000,000	1,770,381	40,873	(1,847,544)	(3,734,685)	6,229,025
Profit for the period	-	-	-	-	37,056	37,056
Loss from valuation of financial assets at fair value through other comprehensive income	-	-	-	(1,199,062)	-	(1,199,062)
Balance as at 31 March 2024	10,000,000	1,770,381	40,873	(3,046,606)	(3,697,629)	5,067,019
For the three months period ended 31 March 2023 (Unaudited)						
Balance as at 1 January 2023	10,000,000	1,770,381	40,873	(1,463,844)	(2,504,457)	7,842,953
Loss for the period	-	-	-	-	(203,697)	(203,697)
Profits from valuation of financial assets at fair value through other comprehensive income	-	-	-	17,723	-	17,723
Balance as at 31 March 2023	10,000,000	1,770,381	40,873	(1,446,121)	(2,708,154)	7,656,979

The attached notes from 1 to 15 are an integral part of these interim condensed consolidated financial statements

UNITED FINANCIAL INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2024

	Note	31 March 2024 JD (unaudited)	31 March 2023 JD (unaudited)
Operating activities			
Profit (loss) for the period before income tax		161,267	(121,574)
Adjustments for:			
Depreciation of property and equipment		33,810	5,346
Amortization of intangible assets		12,015	1,560
Expected credit loss provision – Receivables from financial brokerage customers	6	343,192	-
Expected credit loss provision – cash and financial institutions	7	-	52,223
Provision for employee end of service fund		17,241	103
Interest income		(1,058,085)	(374,331)
Interest expense		312,994	356,520
Gain on the sale of property and equipment		(250)	-
Changes in working capital:			
Deposits of settlement guarantee fund		-	(25,000)
Receivables – financial brokerage customers net		(906,250)	(995,868)
Other debit balances		(6,198)	130,288
Payables - financial brokerage customers		(67,037)	2,565,937
Other credit balances		(13,522)	(361,458)
Net cash flows (used in) generated from operating activities before income tax and end of service provision paid		(1,170,823)	1,233,746
End of service provision paid		(16,572)	-
Income tax paid	9	(88,327)	(92,595)
Net cash flows (used in) generated from operating activities		(1,275,722)	1,141,151
Investing activities			
Purchases of property and equipment		(2,400)	(278,904)
Proceeds from sale of property and equipment		250	-
Purchases of intangible assets		(684)	-
Interest income received		613,085	374,331
Additions to Financial assets at fair value through other comprehensive income		-	(2,440,334)
Net cashflows generated from (used in) investing activities		610,251	(2,344,907)
Financing activities			
Loan payments		(761,250)	(33,333)
Interest paid		(312,994)	(356,520)
Lease liability payments		-	(3,030)
Net cashflows used in financing activities		(1,074,244)	(392,883)
Net change in cash and cash equivalents		(1,739,715)	(1,596,639)
Cash and cash equivalents at 1 January		4,189,786	7,583,053
Cash and cash equivalents at 31 March	7	2,450,071	5,986,414

The attached notes from 1 to 15 are an integral part of these interim condensed consolidated financial statements

**UNITED FINANCIAL INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024 (UNAUDITED)**

(1) GENERAL INFORMATION

United Financial Investment Company was established on 8 October 1995, according to the Companies Law in force, as a public shareholding limited company and registered with the Ministry of Industry and Trade under No. (297). The Company's capital was JD 1,500,000, divided into 1,500,000 shares of JD 1 per share. The Company's capital was increased multiple times to reach 10,000,000 JD divided into 10,000,000 shares of JD 1 each.

The Company's shares are listed on Amman Stock Exchange.

The Company is 78.4% owned by Jordan Kuwait Bank.

The Company's head office is located in Amman, Shmeisani - Abdul Aziz Al Th'albi Street, P.O. Box 927250 - Amman 11192, the Hashemite Kingdom of Jordan.

The financial statements of United Financial Investment Company are consolidated with the financial statements of Jordan Kuwait Bank (Parent Company), which is owned by Kuwait Projects Holding Company (KIPCO) the ultimate parent holding company.

The Company's main objectives are to provide administrative and consultation services on investment portfolios. In addition, the Company provides agency or financial consultancy services, investing in securities, and performing feasibility studies.

The interim condensed consolidated financial statements were approved by the Board of Directors on 28 April 2024.

(2) MATERIAL ACCOUNTING POLICIES INFORMATION

Following are the material accounting policies information used by the Group in the preparation of these interim condensed consolidated financial statements.

2.1 Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards No. (34) ("Interim Financial Reporting") as amended by the Central Bank of Jordan Instructions.

The reporting currency of these interim condensed consolidated financial statements is the Jordanian Dinar which is also the functional currency of the Company.

The interim condensed consolidated financial statements are prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income that are measured at fair value at the date of the interim condensed consolidated financial statements.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2023. The results of the three months ended 31 March 2024 do not necessarily state the expected results for the year ending 31 December 2024.

Preparing the interim condensed consolidated financial statements in accordance with IFRS Accounting Standards requires the use of important and specific accounting estimates and requires management to exercise significant judgment in the process of applying the group's accounting policies. Areas that involve a high degree of judgment or areas where assumptions and estimates are fundamental to the consolidated financial statements are disclosed in Note No. (2-4).

The main differences between the IFRS Accounting standards as they shall be applied and what has been approved by the Central Bank of Jordan are the following:

- 1) Some items in the consolidated statement of financial position and consolidated comprehensive income and the detailed explanations are shown and classified, such as credit facilities, suspended interest, expected credit losses, restricted balances, seized assets, fair value levels, sectoral classification, and clarifications regarding risks and others, in accordance with the requirements and instructions of the Central Bank of Jordan and the indicative forms issued. It may not include all the requirements of IFRS Accounting standards such as those contained in IFRS Accounting Standards No. (7), (9) and (13).
- 2) Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) "Application of the IFRS (9)" dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the Company operates, whichever is stricter. The significant differences are as follows:
 - (a) Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit losses.
 - (b) When calculating credit losses against credit exposures as per IFRS 9 instructions, the calculation results are compared with the Central Bank of Jordan instructions No. (47/2009) of 10 December 2009 for each stage separately and the stricter results are taken.

As stated in Central Bank of Jordan (CBJ) instructions for classification of credit facilities and calculating impairment provision No. (47/2009) dated 10 December 2009, the credit facilities are classified into the following categories

Low Risk Credit Facilities, no provisions calculated on :

The credit facilities that have any of the following characteristics:

- (1) Granted to and Guaranteed by the Jordanian Government and to the governments of countries in which the Jordanian banks have foreign branches, provided that such facilities are held in the host country's currency.
- (2) 100% collateralized by cash margin (of the any-time outstanding amount).
- (3) 100% guaranteed by an acceptable bank guarantee.

Acceptable Risk Credit Facilities, no provisions calculated on:

The credit facilities that have the following characteristics:

- (1) Strong financial positions and adequate cash flows.
- (2) Legally documented and well covered by acceptable collaterals.
- (3) Good alternative cash resources for repayment.
- (4) Active movement of the relative account and timely payment of principal and interest.
- (5) Competent management of the obligor.

Watch-List Credit Facilities (Requiring special attention), impairment provisions are calculated on the below at a rate between 1.5% and 15%

The credit facilities that have any of the following characteristics:

- (1) The existence of past dues of principal and/or interest for a period exceeding (60) days but less than (90) days.
- (2) Overdraft exceeding the approved limit by (10%) or more for a period exceeding (60) days but less than (90) days.
- (3) Credit facilities which were previously classified as non-performing loans, and then reclassified as performing loans according to rescheduling.
- (4) Acceptable risk credit facilities which have been restructured twice within 12 months.
- (5) Credit facilities that are more than (60) days old and less than (90) days have passed since their expiry date and have not been renewed.

This is in addition to other conditions detailed in the instructions.

Non-Performing Credit Facilities :

The credit facilities that have any of the following characteristics:

- (1) The maturity of the credit facilities or of one of its installments, irregularity of repaying of principal and/or interest of credit facilities and / or dormant overdraft have been past due for the following periods:

Category	Days overdue	Percentage allocated for the first year
Substandard	From (90) days to (179) days	25%
Doubtful	From (180) days to (359) days	50%
Loss	From (360) days or more	100%

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- (2) Overdraft facilities exceeding approved limits by (10%) or more for a period of (90) days or more.
- (3) Credit facilities which have matured and become invalid for a period of (90) days or more and have not been renewed.
- (4) Credit facilities extended to any obligor who went bankrupt, or to companies which were subjected to liquidation.
- (5) Credit facilities which have been restructured for three times within 12 months.
- (6) Overdrawn current and on demand accounts for a period of (90) days or more.
- (7) Guarantees claimed by the beneficiary and paid by the bank on behalf of the clients, where their values have not been debited to their accounts and are still unpaid for a period of (90) days or more.

An impairment provision is calculated on credit facilities according to the instructions of 47/2009 for this category of facilities according to the above rates and the amount of the facilities not covered by acceptable guarantees during the first year, while the provision is completed for the amount covered by 25% over a period of four years.

- 3) Interest and commissions are suspended on non-performing credit facilities and facilities classified as third stage granted to clients in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter.

Assets that have been reverted to the group appear in the consolidated statement of financial position within other assets at the amount of which they were reverted to the Bank or the fair value, whichever is less, and are reassessed on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of comprehensive income and the increase is not recorded as revenue. The subsequent increase is taken to the consolidated statement of comprehensive income to the extent that it does not exceed the value of the previously recorded impairment.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with the accounting policies that were followed in the preparation of the consolidated financial statements for the year ended 31 December 2023, except for the impact of applying new and amended IFRS Accounting Standards that have become effective for financial periods beginning on or after 1 January 2024, as described in Note (2-3).

2.2 Basis of Consolidation

The consolidated financial statements of the Group include the financial statements of the Company and its controlled subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements of United Financial Investments Company (the Company) and its subsidiaries (referred together as the Group) as of 31 March 2024 are as follows:

Subsidiary	Date of control	Place of business	Paid in capital JD	Percentage of ownership %
Specialized Managerial Company for Financial Consultancy	12 September 2021	Jordan	530,000	100
Mawared Financial Brokerage Company	1 June 2023	Jordan	3,000,000	100
Arab Financial Investment Company	20 December 2022	Jordan	4,800,000	100
Financial group hermes	30 November 2023	Jordan	3,000,000	100

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses 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.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 Changes in Accounting Policies

(a) New and amended standards and interpretations issued and adopted by the Group in the financial year beginning on 1 January 2024:

<p>Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Non-current Liabilities with Covenants – Amendments to IAS 1 –</p> <p>These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.</p>	<p>1 January 2024</p>
<p>Lease Liability in a Sale and Leaseback – Amendments to IFRS 16:</p> <p>These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.</p>	<p>1 January 2024</p>
<p>Supplier finance arrangements – Amendments to IAS 7 and IFRS 7:</p> <p>These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.</p>	<p>1 January 2024</p>
<p>Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 -</p> <p>The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.</p> <p>The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).</p> <p>Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.</p> <p>** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.</p>	<p>n/a</p>

The above amendment and interpretation did not have a material impact on the interim condensed consolidated financial statements.

(b) The Group has not yet applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

<p>Amendments to IAS 21 – Lack of Exchangeability</p> <p>An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.</p>	<p>Annual periods beginning on or after 1 January 2025</p>
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Management doesn't believe that the above standards will have any material impact on the interim condensed consolidated financial statements of the Group once adopted or become effective.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current year starting 1 January 2024 or future reporting periods and on foreseeable future transactions.

2.4 Critical Accounting Estimates And Judgements

Accounting estimates and judgements are constantly evaluated by the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the book values of assets and liabilities within the next financial year are addressed below:

(A) Provision of expected credit loss for receivables of financial brokerage clients, margin receivables and cash at banks

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(B) Income tax

The Group is subject to income tax, which requires making significant judgements in determining the provision for income tax. There are several transactions and calculations related to the Group's ordinary business for which tax determination is not identified. The Group recognises income tax liabilities depending on its expectations on whether the taxation audit will result in any additional tax. If the final tax estimation is different from what was recorded, such differences would affect income tax for the period when such differences are identified.

(C) Provision for employee end of service indemnity

The Group establishes a provision for employees' end of service indemnity, in accordance with the Group accounting policy. The computation of the provision incorporates foundation relating to expected length of service and salary increases together, along with an estimation of discount rate.

(D) Impairment in the value of seized assets

Impairment in the value of seized assets is recorded based on recent and certified property valuations conducted by accredited appraisers for the purpose of asset impairment assessment, and such impairment is periodically reviewed.

(3) CAPITAL RISK MANAGEMENT

3.1 Capital risk factors

The Group is exposed to various financial risks as a result of its operations, and these risks include the impact of fluctuations in the market (foreign exchange risk, interest rate risk, risks of changing stock prices), liquidity risk, and credit risk. The Group's overall risk management focuses on minimizing the potential negative impact on the Group's financial results to the lowest level.

3.2 Market risk

Market risk is the loss in value resulting from changes in market prices such as changes in interest rates, foreign exchange rates, equity prices and therefore changes in the fair value of cash flows of financial instruments within and outside the consolidated statement of financial position.

A. Foreign exchange risk

Foreign currency risk arises from changes in the prices of financial instruments due to changes in exchange rates.

Most of the Group's transactions are dominated in Jordanian Dinars and US Dollars. The fact that the Jordanian Dinar (the Group's functional currency) is fixed against the US Dollar, the Group's management believes that the risk of foreign currency is not significant.

B. Interest rate risk

Interest rate risk is the risk associated with changes in the value of a financial instrument as a result of changes in market interest rates.

Based on this analysis, the impact of change in interest rate on the period/ year loss is as follows:

Currency	Increase in interest rate %	Impact on (profit) loss for the year JD
31 March 2024 (unaudited)		
JD	1	(189,951)
31 March 2023 (unaudited)		
JD	1	19,219

The effect of a decrease in interest rates by the same percentages is expected to be equal and opposite to the effect shown above.

C. Risks of changing stock prices

The change in the prices of shares traded in securities as at the date of the interim condensed consolidated financial statements by 5% increase or 5% decrease has the following impact on the results of the Group:

	Change in price	31 March 2024 JD (unaudited)	31 December 2023 JD (audited)
Impact on profit and loss	5%	10,162	70,145

The effect of a decrease in rates by the same percentages is expected to be equal and opposite to the effect shown above.

3.3 Liquidity risk

Liquidity risk, also known as financing risk, is the risk that the Group will face difficulty in providing funds to meet commitments. The Group manages liquidity risk by maintaining adequate levels of liquidity through continuous monitoring of actual and forecast cash flows and matching asset maturities finance with financial liabilities. A portion of the Group's funds is invested in short-term deposits with banks.

3.4 Credit risk

Financial assets that are subject to credit risk are limited to cash at banks and receivables and other debit balances except prepaid expenses. The Group only deals with financial institutions of high reputation credit rating. The Group has a policy for limiting the value exposed to credit risk at a single financial institution. Utilized credit limits are monitored on a regular basis.

The following table shows the cash at banks and their credit rating as of December 31 and distributed as follows:

	Credit Rating	31 March 2024 (Unaudited) JD	31 December 2023 (Audited) JD
Invest Bank	BB	1,459,283	2,229,274
Jordan Kuwait Bank	B+	949,932	1,626,566
Capital Bank	B1	608,099	296,920
Arab Bank	BB	16,757	82,951
Cairo Amman Bank	B1	5,033	4,738
		<u>3,039,104</u>	<u>4,240,449</u>

(4) SEIZED ASSETS

Below is a summary movement in real estate that has been seized by the Company against debts:

	31 March 2024 JD (unaudited)	31 December 2023 JD (audited)
Cost		
Seized assets	<u>4,057,768</u>	<u>4,057,768</u>

The Board of Directors, in its meeting held on 1 December 2019, decided to acquire a real estate in exchange for outstanding debts. Where the Group evaluated this property by several real estate appraisers. The latest re-evaluation of the property was on 10 August 2023 where the fair value of these properties amounted JD 4,101,180.

(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 March 2024 JD (unaudited)	31 December 2023 JD (audited)
Shares listed on Amman Stock Exchange	3,214,942	3,214,942
Change in fair value	<u>(3,011,101)</u>	<u>(1,812,039)</u>
	<u>203,841</u>	<u>1,402,903</u>

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(6) RECEIVABLES FROM FINANCIAL BROKERAGE CUSTOMERS - NET

	31 March 2024 JD (unaudited)	31 December 2023 JD (audited)
Receivables - financial brokerage customers	1,784,414	1,508,594
Receivables - margin trading customers	19,974,410	14,848,611
Additions during the year resulting from acquisition	-	4,157,952
Receivables – Specialized Company	68,150	67,648
	<u>21,826,974</u>	<u>20,582,805</u>
Expected credit loss provision for financial brokerage customers and margin trading customers	(4,446,850)	(4,103,658)
Interests in suspense	<u>(57,126)</u>	<u>(164,207)</u>
	<u>17,322,998</u>	<u>16,314,940</u>

* The Group grants facilities to customers that do not exceed 100% of the value of the initial margin amount deposited in cash from the customer in the financing account on margin or the market value of the securities deposited in the customer's financing account on the margin or any other percentage determined by the Securities Commission from time to time.

The customer undertakes that the margin percentage in the financing account on margin shall not be less than 30% or another percentage determined by the Securities Authority whichever is higher, with a maximum interest rate of 12.75% and is guaranteed by the financed investments. It is monitored periodically. Its details as of 31 March 2024 are as follows:

- The total market value of the portfolios JD 28,855,141 (2023: JD 35,640,716).
- The total funded by the Group at JD 15,899,621 (2023: JD 19,003,013).
- The Total financed by customers (security margin) JD 12,955,520 (2023: JD 16,637,703).
- The percentage of amounts funded by customers to the total market value of the portfolios is 45% (2023: 46.7%).

The Group adopts a policy of obtaining adequate customer guarantees where appropriate to reduce the risk of financial losses arising from non-fulfillment of obligations. The Group takes an allowance for receivables that may not be collected in accordance with IFRS Accounting Standards.

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The following table shows the maturity of due accounts receivable:

	31 March 2024 JD (unaudited)	31 December 2023 JD (audited)
Receivables - brokerage customers		
1 – 7 days	342,046	685,586
8 – 30 days	236,871	58,528
31 – 60 days	27,803	-
61 – 90 days	407,747	-
91 – 120 days	7,000	-
Over 120 days	762,947	764,480
	<u>1,784,414</u>	<u>1,508,594</u>
Receivables - margin trading customers	19,974,410	14,848,611
Receivables – Specialized Company	68,150	67,648
Results from acquisition	-	4,157,952
	<u>21,826,974</u>	<u>20,582,805</u>

The movement of expected credit loss provision during the period / year is as follows:

	31 March 2024 JD (unaudited)	31 December 2023 JD (audited)
Balance as at 1 January	4,103,658	3,077,380
Provision during the period/year	343,192	769,217
Acquisition - Arab Investments Company	-	257,061
Balance as at period/year	<u>4,446,850</u>	<u>4,103,658</u>

The movement on interest in suspense during year was as follows:

	31 March 2024 JD (unaudited)	31 December 2023 JD (audited)
Beginning balance for the year / period	164,207	31,713
Additions during the year / period	7,086	143,199
Interest transferred to revenue during the year / period	(114,167)	(10,363)
Write-offs	-	(342)
Balance at the end of the period / year	<u>57,126</u>	<u>164,207</u>

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Details of expected credit loss stages in accordance with IFRS (9) were as follows:

	31 March 2024	31 December 2023
	JD	JD
	(unaudited)	(audited)
Stage 1	1,754,252	1,637,528
Stage 2	38,813	45,761
Stage 3	2,653,785	2,420,369
	<u>4,446,850</u>	<u>4,103,658</u>

(7) CASH ON HAND AND AT BANKS

	31 March 2024	31 December 2023
	JD	JD
	(unaudited)	(audited)
Cash on hand	1,000	1,560
Cash at banks	2,039,104	3,240,449
Term Deposit*	1,000,000	1,000,000
Expected credit losses	(52,223)	(52,223)
	<u>2,987,881</u>	<u>4,189,786</u>

* This item represents time deposits in Jordanian dinars at invest bank due within a period of three months from the date of the deposit at an average annual interest rate between 4% - 5% (2023: ranging between 3.5% - 4%).

The movement in the allowance for expected credit losses for cash during the year is as follows:

	31 March 2024	31 December 2023
	JD	JD
	(unaudited)	(audited)
Balance as at 1 January	52,223	-
Provision during the year	-	52,223
Balance as at 31 December	<u>52,223</u>	<u>52,223</u>

For the purpose of preparing the statement of cash flows, cash and cash equivalents comprise:

	31 March 2024	31 December 2023
	JD	JD
	(unaudited)	(audited)
Cash on hand and at banks	2,987,881	4,242,009
Bank overdrafts	(573,810)	-
	<u>2,450,071</u>	<u>4,242,009</u>

(8) SHAREHOLDERS' EQUITY

Authorized and Paid In Capital

The authorized and paid-in capital of the Company is JD 10,000,000 divided into 10,000,000 shares paid in full with a par value of JD 1 per share.

The company has increased its paid-in capital by two million shares, according to the meeting of the Board of Directors dated 24 July 2023. This was performed through a non-public offering with a nominal value of one dinar per share or 90% of the last closing price of the company's share on the date of the board's approval of the increase, whichever is higher, in which the paid-in capital became JD 10,000,000.

The Company is 78.4% owned by Jordan Kuwait Bank and the ultimate parent company is Al Rawabi Holding.

Statutory Reserve

In accordance with the requirements of the Jordanian Companies Law and the Bylaws, the Company shall deduct 10% of the annual net profits and transfer them to the statutory reserve. This deduction shall continue for each year, provided that the balance of the statutory reserve shall not exceed 25% of the Company's capital. For the purposes of this Act, net profit represents profit before deduction of income tax provision. This reserve is not available for distribution to shareholders. A statutory reserve has not been deducted during the period ended 31 March 2024 and will be deducted at the end of each year.

(9) INCOME TAX PROVISION

The movement of income tax provision during the period / year was as follows:

	31 March 2024	31 December 2023
	JD	JD
	(Unaudited)	(Audited)
Balance at 1 January	178,170	275,137
Income tax paid	(75,822)	(381,500)
Income tax provision	(12,505)	(18,649)
Expense due on results of the period / year	239,368	303,182
Ending balance	329,211	178,170

Income tax expense presented in the interim condensed consolidated statement of comprehensive income as following:

	31 March 2024	31 March 2023
	JD	JD
	(unaudited)	(unaudited)
Expense due on profit for the year	(239,368)	(85,692)
Deferred tax assets	115,157	3,569
	(124,211)	(82,123)

Income tax provision was calculated for the period ending on 31 March 2024 and 31 March 2023 in accordance with Income Tax Law No. (38) of 2018. The statutory income tax rate for United Financial Investments Company, Al Mawared Brokerage Company, Arab Company for Financial Investments and Financial Group – Hermes is 28% and the rate of Specialized Managerial Company is 21%.

United Financial Investments Company

United financial investment Company reached a final settlement with the Income and Sales Tax Department until the end of 2021 .

The Company submitted the tax return for the year 2022 and not been reviewed by the Income and Sales Tax Department yet.

Al Mawared Brokerage Company

The Company reached a final settlement with the Income and Sales Tax Department until the end of 2022 except for the years from 2019 until 2021. However, the Company has submitted the tax returns for the years 2019, 2020 and 2021 on the legally specified date and those tax returns were reviewed by the Income and Sales Tax Department and not accepted as of the date of preparation the interim condensed consolidated financial statements. The Company raised a lawsuit case against the decision of the Income and Sales Tax Department and the case is still pending at the tax court (Note 15).

Financial Group for Financial Brokerage - Hermes

The Company reached a final settlement with the Income and Sales Tax Department until the end of 2021 .

The Company submitted the tax return for the year 2022 and not been reviewed by the Income and Sales Tax Department yet.

Specialized Managerial Company

The Company reached a final settlement with the Income and Sales Tax Department until the end of 2021 .

The Company submitted the tax return for the year 2022 and not been reviewed by the Income and Sales Tax Department yet.

Arab Company for Financial Investments

The Company reached a final settlement with the Income and Sales Tax Department until the end of 2022 .

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The movement on deferred tax assets is as follows:

	31 March 2024 JD (unaudited)	31 December 2023 JD (Audited)
Balance at beginning of the period / year	1,296,744	957,467
Acquisition impact – Financial group hermes	-	146,604
Additions during the period / year	115,157	327,341
Released during the period / year	-	(117,320)
Acquisition impact	-	(17,348)
Balance at the end of the period / year	<u>1,411,901</u>	<u>1,296,744</u>

(10) Loans and bank overdrafts

Bank overdrafts

The Group was granted short-term facilities from local banks with a ceiling of JD 4,750,000. These facilities are granted to the Group by Housing Bank and Jordan Kuwait Bank and are subject to annual interest rates in the local market, where interest rates vary between 9.25% and 9.75%%. The utilized balance as at 31 March 2024 amounted to JD 537,810.

Bank loans

	Due Date	2024 JD	2023 JD
Capital Bank	30 September 2027	9,9074,754	9,9074,754
Invest Bank	30 June 2027	9,262,500	9,993,750
Ejara for Financing (Sister company)	15 May 2025	150,000	150,000
		<u>18,457,254</u>	<u>19,218,504</u>

All of the above loans are in Jordanian dinars, and the annual interest rates on these loans range from 7,125% and 8% (2023: 8% and 7,125%).

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(11) OTHER EXPENSES

	31 March 2024	31 March 2023
	JD	JD
	(Unaudited)	(Unaudited)
Professional fees	56,376	35,048
Transportation and board expenses	21,000	27,000
Financial intermediation fees and licenses	17,403	10,836
Subscription fees	11,545	9,759
Maintenance expenses	11,396	1,768
Postage, phone and internet	5,497	2,191
Water, electricity and heating	4,077	4,008
Advertisements	3,240	308
Cleaning expenses	2,876	16
Stationary	2,058	628
Hospitality expenses	1,076	926
Vehicle expenses	888	726
Expenses and bank fee	-	1,122
Fines	-	1,012
Medical expenses	-	7,798
Rent expense	-	16,125
Stamps and guarantees commission	-	8,960
Others	28,353	18,094
	<u>165,785</u>	<u>146,325</u>

(12) PROFIT (LOSS) PER SHARE

	31 March 2024	31 March 2023
	JD	JD
	(Unaudited)	(Unaudited)
Profit (loss) for the period	37,056	(203,697)
Average number of shares for the period	10,000,000	10,000,000
Loss per share	0.004	(0.02)

The basic earnings per share of the period profit (loss) is equal to the diluted earnings per share as the Group did not issue any financial instruments.

(13) FAIR VALUE HIERARCHY

The following table represents the financial instruments recorded at fair value based on the valuation method. The different levels are defined as follows:

Level 1: quoted (unadjusted) prices of assets or liabilities in active markets, most of the financial assets at fair value through the statement of comprehensive income in the Amman Stock Exchange.

Level 2: quoted prices in active markets for similar financial assets and liabilities, or other valuation methods whose underlying data are based on market information.

Level 3: Pricing methods where not all material data are based on observable market information and the Group uses the carrying amount, which is the best instrument available to measure the fair value of such investments.

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	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
(Unaudited) 31 March 2024				
Financial assets at fair value through other comprehensive income (Note 5)	203,841	-	-	203,841
(Audited) 31 December 2023				
Financial assets at fair value through other comprehensive income (Note 5)	1,402,903	-	-	1,402,903

(14) RELATED PARTY TRANSACTIONS

The parties are considered as related parties when they have the ability to control the other party or exercise significant influence in making financial and operational decisions.

Related parties represented by the parent company Jordan Kuwait Bank and members of senior executive management and their families.

The balances with related parties were as follows:

	31 March 2024 JD (unaudited)	31 December 2023 JD (audited)
Loan from related party (Note 10)		
Ejara Leasing Company (sister company) *	120,000	150,000
Current accounts for related parties (Note 7)		
Term deposit at Invest Bank (Shareholder)	1,000,000	1,000,000
Current accounts at Jordan Kuwait Bank (Parent Company)	949,932	1,626,566
Current accounts at Invest Bank (Shareholder)	459,283	1,229,274
	<u>2,409,215</u>	<u>3,885,840</u>
Due from related parties		
Invest bank receivable (Shareholder)	<u>400,000</u>	<u>400,000</u>

* On 12 February 2020, the Group entered into a loan agreement with Ejara Leasing Company amounted to JD 600,000. This loan is to be paid under 20 instalments, with the first payment due on 15 May 2020 and the last payment is due on 15 March 2025.

The following transactions were made with related parties:

	31 March 2024 JD (unaudited)	31 March 2023 JD (unaudited)
Revenues from related parties		
Jordan Kuwait Bank (Parent Company)	<u>29,986</u>	<u>5,144</u>
Expenses from related parties		
Board members	21,000	27,000
Jordan Kuwait Bank (Parent Company)	13,534	6,912
Ejara Leasing Company (Sister company)	7,700	7,700
	<u>42,234</u>	<u>41,612</u>

Salaries, bonuses and benefits of senior executive management of the Group amounted to JD 45,000 for the period ended 31 March 2024 (31 March 2023: JD 42,500).

(15) CONTINGENT LIABILITIES

The Company has contingent liabilities that may arise in the normal course of business represented in bank guarantees by Jordan Kuwait Bank and Capital bank amounting to JD 3,409,000 as at 31 March 2024 (31 December 2023: JD 3,409,000).

Lawsuits:

Al Mawared Financial Brokerage Company has obligations at the date of the statement of financial position that may arise, represented by a tax lawsuit filed against the Company by imposing an income tax and a national contribution on the profits for the years from 2019 to 2021 amounted to JD 817,602. In the opinion of the management and the legal advisor, there is no need to record any provisions.

Al Mawared Financial Brokerage Company has obligations at the date of the statement of financial position that may arise, represented in a lawsuit case filed Against the Company amounted to JD 10,001. In the opinion of the management and the legal advisor, there is no need to record any provisions.

The Arab Company for Financial Investments has obligations at the date of the statement of financial position that may arise, represented in a lawsuit filed against the Company amounted to JD 15,000,000. In the opinion of the management and the legal advisor, there is no need to record and provisions.

Based on the opinion of management and its legal advisor, there are no cases of material lawsuits against the Group that require to record a provision. In the opinion of the management and the legal advisor, there is no need to record any provisions.