OFFTEC HOLDING GROUP
(Public Shareholding Company)

Interim condensed consolidated financial statements
(Unaudited)

31 March 2023

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Report on review of the interim condensed consolidated financial statements
To the Chairman and members of the Board of Directors of OFFTEC Holding Group Public Shareholding Company

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of OFFTEC Holding Group PLC (the "Company") and its subsidiaries (together the" Group") as at 31 March 2023, and the related interim condensed consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three months period 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". 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 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 assurances 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 IAS (34) related to interim financial reporting.

On behalf of PricewaterhouseCoopers "Jordan"

Certified Public Accountants
pwc
Amman - Jordan

Omar Jamal Kalanzi
License No. (1015)

Amman - Hashemite Kingdom of Jordan
1 May 2023

OFFTEC HOLDING GROUP PLC
Interim condensed consolidated statement of financial position.
As at 31 March 2023

	Note	31 March 2023 JD (Unaudited)	31 December 2022 JD (Audited)
Assets			
Non-current assets			
Property and equipment	4	751,782	751,215
Intangible assets	5	12,499,683	12,499,683
Right of use assets		959,766	910,859
Investment properties	6	945,423	945,423
Deferred tax assets		238,138	230,105
Non-Current portion of net investment in finance contracts at amortised cost	7	1,109,534	1,126,950
		16,504,326	16,464,235
Current assets			
Current portion of net investment In finance contracts at amortised cost	7	9,719,751	8,907,191
Inventory		6,152,106	6,751,284
Trade receivables	8	7,327,717	7,399,114
Other debit balances		2,435,564	1,812,755
Cash and cash equivalents	9	2,319,335	1,539,503
		27,954,473	26,409,847
Total assets		44,458,799	42,874,082
Equity and liabilities			
Shareholders' equity			
Authorized and paid-in capital		34,850,000	34,850,000
Reverse acquisition reserve	10	(18,627,185)	(18,627,185)
Statutory reserve	11	1,767,813	1,767,813
Foreign currency translation		100,294	86,160
Retained earnings		1,576,486	1,283,502
Net shareholders' equity		19,667,408	19,360,290
Non-controlling interest		641,695	672,917
Net equity		20,309,103	20,033,207
Liabilities			
Non-current liabilities			
End of service provision		1,200,601	1,140,346
Long-term loans		886,290	1,024,666
Leases liabilities		635,304	594,427
		2,722,195	2,759,439
Current liabilities			
Bank overdrafts		3,512,898	3,404,561
Short term loans		7,282,080	7,134,760
Leases liabilities		236,092	302,454
Trade payables		1,958,788	3,763,666
Other credit balances	12	7,912,763	4,907,341
Income tax provision	16	524,880	568,654
		21,427,501	20,081,436
Total liabilities		24,149,696	22,840,875
Equity and liabilities		44,458,799	42,874,082

The accompanying notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements.

OFFTEC HOLDING GROUP PLC
Interim condensed consolidated statement of income (Unaudited)
For the three months ended 31 March 2023

	Note	For the three months ended 31 March	
		2023	2022
		JD (Unaudited)	JD (Unaudited)
Revenue from contracts with customers		5,864,147	4,268,819
Revenue from finance contracts		1,622,198	1,218,175
Total revenues		7,486,345	5,486,994
Cost of sales		(4,810,471)	(3,657,749)
Gross profit		2,675,874	1,829,245
Administrative expenses		(1,463,967)	(1,154,877)
Expected credit losses	7 & 8	(237,838)	(68,587)
Other (expense) income, net		(44,942)	43,117
Operating profit		929,127	648,898
Finance costs		(433,255)	(285,928)
Net profit for the period before income tax		495,872	362,970
Income tax	16	(205,750)	(137,089)
Net profit for the period from continued operations		290,122	225,881
Net profit for the period from discontinued operations	17	-	32,223
Net profit for the period		290,122	258,104
Profit for the period attributable to:			
Shareholders		292,984	290,780
Non-controlling interest		(2,862)	(32,676)
		290,122	258,104
Earnings per share:			
Earnings per share from the net profit for the period attributable to the Company's shareholders		Fils / Dinar	Fils / Dinar
Basic and diluted	15	0.008	0.007
Profit per share for the period from continuing operations attributable to the shareholders of the Company		Fils / Dinar	Fils / Dinar
Basic and diluted	15	0.008	0.006
Earnings per share from the net profit for the period from discontinued operations attributable to the Company's shareholders		Fils / Dinar	Fils / Dinar
Basic and diluted	15	0.000	0.001

The accompanying notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements.

OFFTEC HOLDING GROUP PLC
Interim condensed consolidated statement of comprehensive income (Unaudited)
For the three months ended 31 March 2023

	For the three months ended 31 March	
	2023	2022
	JD (Unaudited)	JD (Unaudited)
Net profit for the period	290,122	258,104
Add: other comprehensive income items		
Items that can be subsequently transferred to the income statement:		
Foreign currency translation differences	14,134	90,265
Total comprehensive income for the period	304,256	348,369
Total comprehensive profit attributable to:		
Shareholders	307,118	381,045
Non-controlling interest	(2,862)	(32,676)
	304,256	348,369

The accompanying notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements.

OFFTEC HOLDING GROUP PLC
The interim condensed consolidated statement of changes in equity (Unaudited)
For the three months ended 31 March 2023

	Share capital Authorized and paid	Reverse acquisition reserve	Statutory reserve	Foreign currency translation	Retained earnings (accumulated losses)	Net shareholders' equity	Non-controlling interest	Net equity
	JD	JD	JD	JD	JD	JD	JD	JD
For the three months ended 31 March 2023 (Unaudited)								
Balance as at 1 January 2023	34,850,000	(18,627,185)	1,767,813	86,160	1,283,502	19,360,290	672,917	20,033,207
Net profit for the period	-	-	-	-	292,984	292,984	(2,862)	290,122
Comprehensive income for the period	-	-	-	14,134	-	14,134	-	14,134
Dividends of non-controlling interest	-	-	-	-	-	-	(28,360)	(28,360)
Balance as at 31 March 2023	34,850,000	(18,627,185)	1,767,813	100,294	1,576,486	19,667,408	641,695	20,309,103
For the three months ended 31 March 2022 (Unaudited)								
Balance as at 1 January 2022	39,569,500	(18,627,185)	1,515,325	41,942	(3,705,760)	18,793,822	374,279	19,168,101
Net profit for the period	-	-	-	-	290,780	290,780	(32,676)	258,104
Comprehensive income for the period	-	-	-	90,265	-	90,265	-	90,265
Balance as at 31 March 2022	39,569,500	(18,627,185)	1,515,325	132,207	(3,414,980)	19,174,867	341,603	19,516,470

The accompanying notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements.

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OFFTEC HOLDING GROUP PLC
Interim condensed consolidated statement of cash flows (Unaudited)
For the three months ended 31 March 2023

	Note	For the three months ended 31 March	
		2023	2022
		JD (Unaudited)	JD (Unaudited)
Operating activities			
Net profit for the period before income tax		495,872	362,970
Net profit for the period from discontinued operations	17	-	32,223
Adjustments for:			
Depreciations	4	91,383	83,791
Amortization of right of use assets		89,801	77,405
Leases interest		21,996	23,846
Finance costs		411,259	262,140
Provision for end of service		63,319	22,198
Increase in (reversal of) provision for slow-moving inventories		3,178	(74,533)
Provision for expected credit losses	7،8	237,838	68,587
Working capital changes:			
Net investment in finance contracts at amortised cost		(1,053,511)	(906,431)
Inventory		596,000	316,186
Trade receivables		91,926	510,219
Other debit balances		(622,809)	(953,917)
Trade payables		(1,804,878)	(885,624)
Other credit balances		3,005,422	791,894
Cash flows generated from (used in) operating activities before payment of end of service indemnity and income tax		1,626,796	(269,046)
End of service indemnity paid		(3,064)	(3,474)
Income tax paid	16	(257,558)	(172,270)
Net cash flows generated from (used in) operating activities		1,366,174	(444,790)
Investing activities			
Purchase of property and equipment	4	(94,243)	(135,530)
Proceeds from sale of property and equipment		2,293	16,933
Net cash flows used in investing activities		(91,950)	(118,597)
Financing activities			
Loans granted		1,894,078	2,280,288
Loan repayments		(1,776,797)	(2,019,073)
Payment of lease liability		(164,192)	(144,701)
Payment of lease liability interests		(21,996)	(23,846)
Interests expenses paid		(411,259)	(262,140)
Dividends of non-controlling interests		(28,360)	-
Net cash flows used in financing activities		(508,526)	(169,472)
Foreign currency translation differences		14,134	90,265
Net change in cash and cash equivalents		779,832	(642,594)
Cash and cash equivalents as at 1 January		1,539,503	3,001,629
Cash and cash equivalents as at 31 March		2,319,335	2,359,035

The accompanying notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements.

(1) General information

OFFTEC Holding Group is a public shareholding company limited and registered in the public shareholding companies' registry on 7 December 2004 under the registration number 355 at the Companies Control Department at the Ministry of Industry and Trade.

The Company's authorized and paid-up capital is JD 34,850,000 as at 31 March 2023 and 31 December 2022, divided into 34,850,000 shares, each with a nominal value of one dinar, and it is listed on the Amman Stock Exchange - Jordan.

The Company's capital on 1 January 2022 amounted to JD 39,569,500. The Group's General Assembly decided in its extraordinary meeting held on 19 July 2022 to reduce the Company's capital by the full amount of the accumulated losses balance as of 31 December 2021 amounting to JD 3,705,760, and to reduce the Company's capital by JD 1,013,740 as a surplus to the Group's need and to be returned to the shareholders, so that the Company's capital becomes 34,850,000 shares, with a nominal value of one Jordanian dinar for each. The legal procedures for the capital reduction have been completed on 27 September 2022.

The Company's objectives are as follows:

- Managing the subsidiaries of the company or participating in the management of other companies in which it owns shares.
- Investing its money in shares, bonds, and securities.
- Providing loans, guarantees and financing to its subsidiaries.
- Owning patents, trademarks, concessions, and other intangible rights, exploiting them, and leasing them to its subsidiaries or others.

The Group's head office is located in Amman - Jabal Amman - Third Circle.

The interim condensed consolidated financial statements were approved by the Board of Directors in its meeting held on 27 April 2023.

(2) Significant accounting policies

2-1 Basis of preparation of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements for the three months ended 31 March 2023 are prepared in accordance with the IAS (34), (Interim financial reporting).

The Jordanian Dinar is the presentation currency for the interim condensed consolidated financial statements, which is the Group's functional currency.

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

The interim condensed consolidated financial statements do not include all the information and notes required in the annual consolidated financial statements which are prepared in accordance with the IFRS, and should be read along with the Group's annual report as at 31 December 2022. The results of the three months business ended 31 March 2023 are not necessarily indicative on the expected results for the year ended 31 December 2023.

2-2 Basis of consolidation

The Group's consolidated financial statements include the financial statements of the Company and the subsidiaries controlled by the Group, and the control is achieved when the Group has rights in the variable returns resulting from its involvement with the investee and has the ability to influence these returns through its ability to control the investee. The investee is controlled only when the following is achieved:

- The Group's control over the investee (existing rights that grant the Group the ability to direct the related activities of the investee).
- The Group or its rights are exposed to the variable returns arising from its involvement with the investee.
- Ability to exercise control over the investee and influence its returns.

When the Group has less than majority of the voting rights or the similar in the investee, the Group takes all relevant facts and circumstances into account to determine whether it has control over the investee, including:

- Contractual arrangements with the other holders of voting rights in the investee.
- Rights arising from other contractual arrangements.
- Current and potential voting rights of the Group.

- The Group reassesses whether it controls the investee if circumstances or facts indicate a change in one or more of the three control elements.

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 a deficit in the balance of the non-controlling interests. If necessary, the financial statements of subsidiaries are adjusted to confirm their accounting policies with the Group's accounting policies. Assets, liabilities, equity, income, expenses, and transaction gains and losses are eliminated between the Group and its subsidiaries.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Changes in equity

The Group considers transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the non-controlling and controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve in the Group owners' equity.

When the Group ceases consolidation or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the Company is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in the statement of other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in the statement of other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced while retaining joint control or effective influence, the shares from the amounts previously recognised in the statement of other comprehensive income are reclassified to profit or loss as appropriate.

The consolidated financial statements comprise the following subsidiaries:

Name of the Company	Legal status of the Company	Country of incorporation	Paid-up capital	Percentage of equity
			JD	%
Jordan Scientific Library Company	Limited liability company	Jordan	650,000	100
Al Wasla Finance Company	Limited liability company	Jordan	500,000	100
OFFTEC International Investment Company	Limited liability company	Jordan	30,000	100
Trust International Company for Marketing and E-commerce	Limited liability company	Jordan	250,000	100
OFFTEC Company for Office and Banking Systems	Limited liability company	Jordan	400,000	100
Cherry Pot Electronic Trading Company	Limited liability company	Jordan	250,000	100
World Axis Trading Company	Limited liability company	Jordan	100,000	100
OFFTEC Commercial Investment and Electronic Devices Trading Co. Ltd.	Limited liability company	Iraq	14,771	60
OFFTEC Iraq Investment Company	Limited liability company	Jordan	5,000	60
Space Technology General Trading Company	Limited liability company	Iraq	978	60
Palestine Office Technology Company – OFFTEC	Private Shareholding Company	Palestine	91,530	100
OFFTEC Engineering Services Company	Limited liability company	Sudan	640	100
E-Points Egyptian Company for Loyalty and Rewards*	Limited liability company	Egypt	7,610	95
E-Points	Free zone limited liability	UAE	9,660	100
Khartoum Company for Systems and Technology Co.	Limited liability company	Sudan	1,850	100

* According to the Company's Extraordinary General Assembly meeting held on the 1 February 2022, the Company was put under liquidation and a liquidator was appointed, and thus the financial statements of the E-Points Egyptian for Loyalty and Rewards Company were not consolidated because the Group lost control of the Company on 1 February 2022. The Company's revenues and expenses were included during the period ended 31 January 2022, which is the date the Group ceased controlling the subsidiary (Note 17).

* On 24 July 2022, the Group acquired all the shares of OFFTEC Engineering Services Company, thus the Company becomes wholly owned by the Group.

Shareholders that have a significant influence on the Group

The authorized and paid-up capital of the company is JD 34,850,000, divided into 34,850,000 shares, each with a nominal value of one dinar.

Shareholders that have significant influence over the Group were as follows:

	Number of shares	Percentage of ownership
		%
Marwan Saeed	8,485,627	24.349
Basem Saeed	5,029,901	14.433
Rima Tanous	3,522,987	10.109
Dina Saeed	3,086,316	8.856
Samir Saeed	2,510,246	7.203
Mona Saeed	2,510,246	7.203

2-3 Changes in accounting policies and disclosures

(A) New and amended standards and interpretations adopted by the Group in the financial year beginning in early January 2023:

New standards, amendments and interpretations	Effective for annual periods beginning on or after
IFRS 17 "Insurance Contracts" - In May 2017, IFRS No. 17 "Insurance Contracts" was issued, and IFRS No. 17 replaces IFRS No. 4. It requires a current measurement model where estimates are re-measured in each financial reporting period. Contracts are measured using the basis points of:	1 January 2023

- discounted probability-weighted cash flows.
- an explicit modification of risk, and
- contractual service margin (CSM) represents the contract's unearned revenue that is recognized as revenue during the coverage period.

The standard allows a choice between recognizing changes in discount rates either in the statement of profit or loss or directly in the statement of other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional and simplified approach to allocating the liability insurance premium for remaining coverage is permitted for short-term contracts, which are often written by non-life insurers.

There is an amendment to the general measurement model called "Variable Fee Approach" for certain life insurance contracts written by insurance companies, wherein policyholders' share in the returns of the underlying items is taken into account. When applying the Variable Fee Approach, the entity's share in the fair value changes of the underlying items is recognized in the Contractual Service Margin (CSM). Consequently, insurance companies using this model may experience lower volatility compared to the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

The targeted amendments made in July 2020 aim to facilitate the implementation of the standard by reducing implementation costs and making it easier for companies to explain the results of applying IFRS 17 to investors and others. The amendments also postponed the application date of IFRS 17 to 1 January 2023.

The additional amendments introduced in December 2021 included a transitional option that allows entities to apply an optional overlay approach in the comparative periods presented upon initial application of IFRS 17. The overlay approach applies to all financial assets, including those held in relation to activities outside the scope of IFRS 17 contracts. It allows these assets to be classified in the comparative period(s) in a manner consistent with how the company expects them to be classified upon initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.

Disclosure of accounting policies: Amendments to IAS 1 The International Accounting Standards Board has amended IAS 1 to require entities to disclose material accounting policies, but not their significant accounting policies. It also clarifies that insignificant accounting policy information does not need to be disclosed. If disclosed, it should not affect the significant accounting information. To support this amendment, the IASB also amended Practice Statement No. 2 of IFRSs "Make material judgments to provide guidance on how to apply the concept of materiality to accounting policy disclosures".	1 January 2023
Definition of accounting estimates – Amendments to IAS 8 The amendment to IAS 8 explains accounting policies, changes in accounting estimates and errors, and how companies shall distinguish between changes in accounting policies and changes in accounting estimates. The distinction shall be considered significant because the changes in accounting estimates are applied prospectively to future transactions and other future events but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as to the current period.	1 January 2023
Deferred tax assets and liabilities arising from a single transaction - Amendments to IAS 12 The amendments to IAS 12 "Income Taxes" require companies to recognize deferred tax on transactions that, on initial recognition, result in equal amounts of deductible and taxable temporary differences. It will typically apply to transactions such as lessees lease contracts and termination liabilities and will require recognition of additional deferred tax assets and liabilities. This amendment should be applied to transactions that occur on or after the beginning of the first comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be used) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • Right of use assets and lease liabilities, • Decommissioning, recovery, similar liabilities and corresponding amounts recognized as part of the cost of the related assets. The cumulative effect of recognizing these amendments is recognized in retained earnings, or in another item of equity, as applicable. IAS 12 did not previously address how to calculate the tax effects of leases in the statement of financial position and similar transactions, and different methods were considered acceptable. Some companies may have already included such transactions in line with the new requirements. These companies will not be affected by the amendments.	1 January 2023

The application of the above standards did not have any material impact on the interim condensed consolidated financial statements.

(B) New and amended standards and interpretations issued but not yet effective and not early adopted:

The Group did not apply the following new standards, amendments and interpretations which have been issued but are not yet effective to date:

New standards, amendments, and interpretations	Effective for annual periods beginning on or after
Non-current liabilities with commitments - Amendments to International Accounting Standard 1 - The amendments made to International Accounting Standard 1 in 2020 clarified that non-current liabilities with commitments are to be classified as either current or non-current, based on the rights existing at the end of the reporting period. The classifications are not affected by the Company's expectations or events after the reporting date (e.g., receipt of waivers or breaches of covenants). The amendments also clarified what IAS 1 means when it refers to the "settlement" of an obligation for which the amendments were to be applied from 1 January 2022 and then the effective date was subsequently postponed to 1 January 2023, and then to 1 January 2024.	1 January 2024

In October 2022, the IASB made further amendments to IAS 1 in response to concerns raised about these changes in the classification of liabilities as current or non-current.

The new amendments clarify that loan arrangement agreements will not impact the classification of liabilities as current or non-current at the reporting date if the Company is only required to comply with covenants after the reporting date. However, if the company is required to comply with covenants both before or at the reporting date, this will affect the classification as current or non-current, even if the covenant compliance test occurs after the reporting date.

The amendments require disclosures if an entity classifies an obligation as a non-current obligation and that obligation is subject to the covenants that the entity must comply with.

within 12 months from the date of the report. Disclosures include the following:

- The carrying amount of the liability.
- Information about covenants, and
- Facts and circumstances, if any, which indicate that the Company may have difficulty complying with the covenants.

The amendments must be applied retrospectively in accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional provisions are applied if the Company had early adopted the 2020 amendments related to the classification of liabilities as current or non-current.

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Lease Obligation in Sale and Leaseback - Amendments to IFRS 16. In September 2022, the IASB finalized narrow amendments to the sale and leaseback requirements in IFRS 16 Leases explaining how a company accounts for sale and leaseback after the date of the transaction. The amendments specify that when measuring a subsequent sale and leaseback transaction, the seller-lessee determines the "lease payments" and "reviewed lease payments" in a manner that does not result in the seller-lessee recognizing any amount of profit or loss related to the right-of-use that it retains. This can have a particular impact on sale and leaseback transactions where the lease agreement includes variable payments that are not indexed to a rate or an index.	1 January 2024
Sale or contribution of assets between an investor and its partner or joint venture - Amendments to IFRS 10 and International Accounting Standard 28 The IASB made a narrow scope amendment to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures". The amendments describe the accounting treatment of sales or contribution to assets between an investor and its associates or joint ventures. It emphasizes that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business" (as defined in IFRS 3 "Business Combination"). When non-cash assets constitute a business, the investor will recognize the full profit or loss from the sale or contribution of the assets. If the assets do not meet the definition of a business, the investor will recognize the profit or loss only to the extent of the other investor's interest in the associate or joint venture. The amendments apply prospectively. *** In December 2015, the International Accounting Standards Board (IASB) decided to postpone the date of implementation of the amendment until the IASB completes its research project on the equity method.	1 January 2024

Management is still in the process of evaluating the impact of these new amendments on the interim condensed financial statements, and it believes that there will be no significant impact on the financial statements when they are applied.

There are no other relevant IFRS standards, amendments to the published standards, or IFRS Interpretation Committee's interpretations that have been issued but did not come into effect for the first time for the Group's financial year that began on 1 January 2023 and was expected to have significant effect on the Group's interim condensed consolidated financial statements.

(3) Critical accounting estimates and judgments

The preparation of the interim condensed consolidated financial statements and the application of accounting policies require the Group's management to make estimates and judgments that affect the amounts of financial assets and liabilities, and to disclose contingent liabilities. Also, these estimates and judgments affect revenues, expenses, and provisions, and in particular, the Group's management must issue important judgments and judgments to estimate the amounts and timing of future cash flows. The mentioned estimates are necessarily based on multiple assumptions and factors with varying degrees of estimation and uncertainty, and the actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future.

To prepare these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the main sources of uncertainty estimates were the same judgments and sources applied in the Group's audited consolidated financial statements for the year ended 31 December 2022.

(4) Property and equipment

	Leasehold improvements	Furniture, fixture, and decoration	Computers	Machinery, office equipment and electrical devices	Vehicles	Other assets	Total
	JD	JD	JD	JD	JD	JD	JD
2023							
Cost							
1 January 2023	90,685	666,244	606,538	2,828,057	447,799	8,193	4,647,516
Additions	1,451	13,657	11,288	54,376	13,471	-	94,243
Disposals	-	-	-	(907)	(10,000)	-	(10,907
31 March 2023	92,136	679,901	617,826	2,881,526	451,270	8,193	4,730,852
Accumulated Depreciation							
1 January 2023	65,094	479,505	532,273	2,399,101	413,052	7,276	3,896,301
Depreciation expense	2,416	19,192	14,731	51,385	3,401	258	91,383
Related to disposals	-	-	-	(781)	(7,833)	-	(8,614
31 March 2023	67,510	498,697	547,004	2,449,705	408,620	7,534	3,979,070
Net carrying value at 31 March 2023	24,626	181,204	70,822	431,821	42,650	659	751,782

* The value of the fully depreciated property and equipment that is still used in the Group's operations amounted to JD 3,200,128 as at 31 March 2023 (31 December 2022: JD 3,168,681).

	Leasehold improvements	Furniture, fixture, and decoration	Computers	Machinery and office equipment and electrical devices	Vehicles	Other assets	Total
	JD	JD	JD	JD	JD	JD	JD
2022							
Cost							
1 January 2022	90,251	599,307	591,461	2,640,451	617,878	8,193	4,547,541
Additions	434	89,800	48,636	231,205	13,251	-	383,326
Disposals	-	(22,863)	(33,559)	(43,599)	(183,330)	-	(283,351)
31 December 2022	90,685	666,244	606,538	2,828,057	447,799	8,193	4,647,516
Accumulated Depreciation							
1 January 2022	55,040	431,760	519,661	2,229,660	520,556	6,798	3,763,475
Depreciation expense	10,054	69,881	39,432	195,696	29,882	478	345,423
Related to disposals	-	(22,136)	(26,820)	(26,255)	(137,386)	-	(212,597)
31 December 2022	65,094	479,505	532,273	2,399,101	413,052	7,276	3,896,301
Net carrying value at 31 December 2022	25,591	186,739	74,265	428,956	34,747	917	751,215

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(5) Intangible assets

	31 March 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Goodwill	12,499,683	12,499,683

This item balance represents the consideration paid that exceeds the fair value of the acquired net identifiable assets of the subsidiaries.

The Group's management tested its goodwill for impairment according to the cash generating units. This test did not result in any impairment of goodwill as at the date of preparing the interim condensed consolidated financial statements.

(6) Investment properties

This item balance represents an investment in plot No. 744 with an area of 3,024 square meters in the Basin of Bela'as 16, Na'ur district. The Group's management has evaluated the investment in this plot on 7 January 2023 by independent valuers, and it was found that the average market value of the plot is estimated at JD 1,179,750.

(7) Net investment in finance contracts at amortised cost

	31 March 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Total investment in long-term finance contracts (over one year)	1,567,543	1,738,798
Total investment in short-term finance contracts	16,287,994	15,195,909
Total	17,855,537	16,934,707
Deferred revenues	(4,342,652)	(4,475,333)
Total before the expected credit losses	13,512,885	12,459,374
Provision for expected credit losses for investment in finance contracts	(2,683,600)	(2,425,233)
Current value of the minimum finance contracts	10,829,285	10,034,141
Less: net investment in long-term finance contracts	(1,109,534)	(1,126,950)
Net investment in finance contracts that are due within a year	9,719,751	8,907,191

The movement in the provision for expected credit losses for investment in finance contracts during the period / year is as follows:

	31 March 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balance as at 1 January	2,425,233	1,464,849
Provision for expected credit losses for investment in finance contracts	258,367	960,384
Balance as at the end of the period / year	2,683,600	2,425,233

(8) Trade receivables

	31 March 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Trade receivables	8,336,570	8,295,029
Cheques under collection	136,078	269,545
	8,472,648	8,564,574
Provision for expected credit losses	(1,144,931)	(1,165,460)
	7,327,717	7,399,114

The movement in the expected credit loss allowance for accounts receivable during the period / year is as follows:

	31 March 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balance as at 1 January	1,165,460	1,376,329
(Reversal of) provision for expected credit losses	(20,529)	12,825
Bad debts	-	(223,694)
Balance as at the end of the period / year	1,144,931	1,165,460

(9) Cash and cash equivalents

	31 March 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Cash at banks	2,076,386	1,378,676
Cash on hand	242,949	160,827
	2,319,335	1,539,503

(10) Reverse acquisition reserve

As required by IFRS 3, the equity structure of the Group's consolidated financial statements (number and type of equity interests issued) should reflect the equity structure of Offtec Holding (listed in Amman Stock Exchange). Therefore, the difference between the equity of the Company and the net assets of the Jordan Scientific Library Company was recognized as a separate reserve in equity (reverse acquisition reserve amounting to JD 18,627,185) instead of deduction from the paid-up capital, in order to comply with the legal requirements for capital in the Hashemite Kingdom of Jordan.

(11) Statutory reserve

According to the Jordanian Companies Law and the Company's by-laws, the Company should transfer 10% of its annual net profit to the statutory reserve and continue to do so each year provided that the total transferred amounts to the reserve do not exceed 25% of the Company's capital. For the purposes of this Law, net profits represent profits before the income tax and fees provision. This reserve is not distributable to shareholders. No statutory reserve is deducted during the period ended 31 March 2023, as the deduction is made at the end of the year.

(12) Other credit balances

	31 March 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Advance payments received from customers	4,875,083	2,692,592
Accrued expenses	1,881,879	887,704
Employees' payables	218,225	388,633
Other provisions	243,893	309,359
Shareholders' deposits	371,176	255,161
Deferred revenue	309,359	253,070
Other	13,148	120,822
	7,912,763	4,907,341

(13) Segment reporting

The business sector represents a Group of assets and operations that jointly provide products or services subject to risks and returns that are different from those related to other business sectors and that are measured according to the reports that are used by the CEO and primary decision maker at the Group.

A geographical segment is associated with the provision of products or services in a particular economic environment that is subject to risks and rewards different from those related to segments operating in economic environments.

The details of the sectoral classification of the Group's operating segments are as follows:

31 March 2023

	Revenue from finance contracts	Revenue from sale of office and bank equipment, services and accessories	Revenue from sale of software, IT services and accessories	Revenue from sale of lighting devices, services and accessories	Total	Eliminations and adjustments	Total
	JD	JD	JD	JD	JD	JD	JD
Total revenue	1,622,198	3,613,548	3,755,953	113,174	9,104,873	(1,618,528)	7,486,345
Less: cost of sales	(163,400)	(3,043,733)	(3,136,642)	(85,224)	(6,428,999)	1,618,528	(4,810,471
Sectors profit	1,458,798	569,815	619,311	27,950	2,675,874	-	2,675,874
Depreciations	26,385	31,221	32,451	1,326	91,383	-	91,383

31 March 2023

	Revenue from finance contracts	Revenue from sale of office and bank equipment, services and accessories	Revenue from sale of software, IT services and accessories	Revenue from sale of lighting devices, services and accessories	Total	Eliminations and adjustments	Total
	JD	JD	JD	JD	JD	JD	JD
Capital expenditure:							
Property and equipment	19,899	36,454	37,890	-	94,243	-	94,243
Total assets	12,446,342	15,538,566	16,150,917	322,974	44,458,799	-	44,458,799
Total liabilities	11,444,294	6,098,649	6,338,988	267,765	24,149,696	-	24,149,696

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31 March 2022

	Revenue from finance contracts	Revenue from sales of office and bank equipment, services, and accessories	Revenue from sales of software, IT, services, and accessories	Revenue from sales of lighting devices, services, and accessories	Total	Eliminations and adjustments	Total
	JD	JD	JD	JD	JD	JD	JD
Total revenue	1,218,175	3,408,615	2,166,731	180,979	6,974,500	(1,487,506)	5,486,994
Less: cost of sales	(397,142)	(2,802,720)	(1,781,585)	(163,808)	(5,145,255)	1,487,506	(3,657,749)
Sectors profit	821,033	605,895	385,146	17,171	1,829,245	-	1,829,245
Depreciations	16,337	40,287	25,609	1,558	83,791	-	83,791

31 December 2022

	Revenue from finance contracts	Revenue from sales of office and bank equipment, services, and accessories	Revenue from sales of software, IT, services, and accessories	Revenue from sales of lighting devices, services, and accessories	Total	Eliminations and adjustments	Total
	JD	JD	JD	JD	JD	JD	JD
Capital expenditure:							
Property and equipment	93,593	163,731	125,655	347	383,326	-	383,326
Total assets	11,794,555	17,398,592	13,352,490	328,445	42,874,082	-	42,874,082
Total liabilities	11,014,559	6,547,165	5,024,592	254,559	22,840,875	-	22,840,875

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Distribution of sales by geographical areas

The table below shows the distribution of the Group's sales by geographical areas as of 31 March 2023 and 2022:

	For the three months ended 31 March 2023			For the three months ended 31 March 2022		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)
Sales	4,356,427	3,129,918	7,486,345	3,840,789	1,646,205	5,486,994

(14) Contingent liabilities

The Group has, at the date of the interim condensed consolidated statement of financial position, contingent liabilities represented in unutilized credit ceiling balances granted to clients and bank guarantees represented in bid entry guarantees, advances to customers, good implementation and maintenance, arising from the Company's ordinary course of business and which are not expected to result in material obligations and consist of the following:

	31 March 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Guarantees	7,818,778	8,190,451
Letters of credit	194,123	8,087
Un-utilised ceilings*	1,572,243	1,010,003
	9,585,144	9,208,541

* This item represents the unused credit ceiling balances granted to clients by Al Wasla Finance Company.

Legal cases:

The lawsuits raised against the Group amounted to JD 44,710. The Group's management provided for JD 24,710 as the management and its legal consultant believe that the provision booked is sufficient to meet any future obligation.

(15) Basic and diluted earnings per share of the period's profit

	For the three months ended 31 March	
	31 March 2023	31 March 2022
	JD (Unaudited)	JD (Unaudited)
Profit for the period		
Profit per share for the period	292,984	279,822
Weighted average of the number of shares	34,850,000	39,569,500
	Fils / Dinar	Fils / Dinar
Basic and diluted earnings per share	0.008	0.007
From continued operations for the period		
Profit per share for the period	292,984	249,210
Weighted average of the number of shares	34,850,000	39,569,500
	Fils / Dinar	Fils / Dinar
Basic and diluted earnings per share	0.008	0.006
From discontinued operations for the period		
Profit per share for the period	-	30,612
Weighted average of the number of shares	34,850,000	39,569,500
	Fils / Dinar	Fils / Dinar
Basic and diluted earnings per share	-	.0.001

The basic earnings per share of the period's profit is equal to the diluted earnings, as the Group did not issue any diluted financial instruments that may have an impact on the basic earnings per share.

(16) Income tax

The movement in the income tax provision is as follows:

	31 March 2023	31 December 2022
	JD	JD
Balance as at the beginning of the period / year	568,654	281,137
Income tax payable for the period / year	191,498	710,257
Income tax payable for prior years	22,286	13,912
Income tax paid	(257,558)	(436,652)
Balance as at the end of the period / year	524,880	568,654

The income tax expense shown in the consolidated statement of income represents the following:

	31 March 2023	31 December 2022
	JD	JD
Income tax payable for the year*	191,498	710,257
Income tax payable for prior years	22,286	13,912
Deferred tax assets on provisions	(8,034)	(17,250)
	205,750	706,919

* The income tax payable for the Group's business results for the period ended 31 March 2023 was calculated according to the taxable income, after making an adjustment to the accounting profit with respect to non-taxable expenses and non-taxable revenues, considering the different tax rates according to the company's activity and the country in which it is registered, as the calculated tax rates ranged between 11% - 28%. The management and its tax consultant believe that the booked provisions are sufficient to meet any future tax obligation as at 31 March 2023 and 31 December 2022.

World Axis Trading Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2021.

Cherry Pot Company for Electronic Commerce Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2021. As for the year 2020, the income tax return was submitted, and the Income and Sales Tax Department has not reviewed the records to date.

Jordan Scientific Library Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2020. As for the year 2021, the income tax returns were submitted, and the Income and Sales Tax Department has not reviewed the records to date.

OFFTEC Holding Group Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2020, except for the year 2019. As for the years 2019 and 2021, the income tax return was submitted, and the Income and Sales Tax Department has not reviewed the records to date.

OFFTEC Company for Office and Banking Systems obtained a final clearance from the Income and Sales Tax Department until 31 December 2019, except for the years 2020 and 2021, where the income tax returns were submitted, and the Income and Sales Tax Department has not reviewed the records to date.

Al-Wasla finance Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2020. As for the year 2021, the income tax return was submitted, and the Income and Sales Tax Department has not reviewed the records to date.

OFFTEC International Investment Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2020. As for the year 2021, the income tax return was submitted, and the Income and Sales Tax Department has not reviewed the records to date.

Trust International for Marketing and E-commerce Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2020. As for the year 2021, the income tax return was submitted, and the Income and Sales Tax Department has not reviewed the records to date.

OFFTEC Engineering Services Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2021.

OFFTEC Commercial Investment and Electronic Devices Trading Co. Ltd. obtained a final clearance from the Income and Sales Tax Department until 31 December 2021.

OFFTEC Iraq for Investment Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2021, except for the year 2018, where the income tax return was submitted, and the Income and Sales Tax Department has not reviewed the records to date.

Palestine Office Technology Company-OFFTEC obtained a final clearance from the Income and Sales Tax Department until 31 December 2021.

Space Technology General Trading Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2021.

(17) Discontinued operations

All activities carried out by the Egyptian Company for Loyalty and Rewards Limited Liability – Egypt were ceased in accordance with the Company's Extraordinary General Assembly meeting held on 1 February 2022 and the decision of the Group's Board of Directors on 16 December 2021. Whereby the Company was set under liquidation and a liquidator was appointed. The financial results of Egyptian Company for Loyalty and Rewards Limited Liability – Egypt were presented in interim condensed consolidated statement of income in separate line under "Net profit for the period from discontinued operations".

The results of the Companies' business from discontinued operations were as follows:

	31 March 2023	31 March 2022
	JD	JD
Salaries, wages, and other employee benefits	-	(424)
Other income, net	-	32,704
Operating profit	-	32,280
Interest expense	-	(57)
Profit for the period	-	32,223
Profit for the period attributable to:		
Shareholders	-	30,612
Non-controlling interests	-	1,611
	-	32,223

(18) Related parties' transactions

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties comprise directors and senior executive management of the Company and other entities that are controlled by them or over which they exercise significant influence, whether directly or indirectly.

Transactions with related parties represent transactions carried out with the executive management of the Group. Prices and terms regarding these transactions are adopted by the Group's Board..

The following are the salaries and benefits of senior executive management:

	31 March 2023	31 March 2022
	JD	JD
Salaries and bonuses	58,600	53,738