

Rum Financial Brokerage

"Public Shareholding Company"

Amman- The Hashemite Kingdom of Jordan

Interim Financial Statements & Independent

Auditor's Report As at June 30, 2023

Rum-Financial Brokerage

"Public Shareholding Company"

Amman- The Hashemite Kingdom of Jordan

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

Introduction

We have reviewed the accompanying interim financial statements for **Rum Financial Brokerage " Public shareholding Co "**, comprising the interim statement of financial position as at 30 June 2023 and the related interim statement of comprehensive income, interim statement of changes in shareholders equity and interim statement of cash flows for the six months' then ended.

Management Responsibility

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

Scope of review

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

Conclusion

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

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

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Rum Financial Brokerage
" Public Shareholding Company "
Amman- The Hashemite Kingdom of Jordan
The interim financial position as at 30 th June 2023

<u>Assets</u>	<u>Note</u>	<u>30-Jun-2023</u>	<u>31-Dec-2022</u>
		<u>JD</u>	<u>JD</u>
<u>Current Assets</u>			
Cash on hand and at banks	2	1,202,153	842,296
Brokerage clients / Accounts receivable	3	2,918,897	2,973,196
Accounts Receivable - Foreign clients		104,803	-
Foreign brokcrage clients - profits & losses		45,192	1,740,259
Other current assets	4	80,227	81,522
Total Current Assets		4,351,272	5,637,273
<u>Non-current Assets</u>			
Financial assets at the fair value through other comprehensive income	5	224	274
Guarantees deposits		417,513	392,000
Contributions to Settlement Guarantee Fund	6	25,000	25,000
Intangible assets	7	59,846	67,991
Property and equipment, net	8	22,797	25,962
Total Non-current Assets		525,380	511,227
Total Assets		4,876,652	6,148,500
<u>Liabilities and Shareholders' Equity</u>			
<u>Current Liabilities</u>			
Brokerage client / accounts payable / local		986,487	702,030
Brokerage client / accounts payable / foreign		193,519	699,910
Accounts payable / foreign client		-	1,082,750
Related parties accounts	9	1,097	7,397
Securities Depository Center settlements		36,323	17,639
Other current liabilities	10	83,757	31,906
Total Current Liabilities		1,301,183	2,541,632
<u>Shareholders' Equity</u>			
Authorized & Paid capital		4,000,000	4,000,000
Compulosry reserve		5,800	5,800
Fair value reserve		(2,420)	(2,370)
Retained losses		(427,911)	(396,562)
Net Shareholders' Equity		3,575,469	3,606,868
Total Liabilities and Shareholders' Equity		4,876,652	6,148,500

The accompanying notes constitute an integral part of this statement

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Rum Financial Brokerage

" Public Shareholding Company "

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The Interim statement of comprehensive income for the period ended at 30 th June 2023

	<u>Note</u>	<u>For the six months ended at</u>		<u>For the three months ended</u>	
		<u>30 June</u>		<u>at 30 June</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
<u>Revenues</u>					
Brokerage commission revenues		90,545	79,350	49,043	49,746
Brokerage commission revenues/ Foreign		21,828	10,580	2,565	10,580
Other revenues		109,167	197,470	62	-
Total Revenues		221,540	287,400	51,670	60,326
<u>Expenses</u>					
Depreciation and amortization		(11,518)	(5,640)	(5,757)	(2,984)
Employees benefits		(109,091)	(94,651)	(53,123)	(58,175)
Impairment of employee acc.exp		(6,000)	(3,000)	(6,000)	(3,000)
Administrative and general expenses	11	(126,280)	(115,343)	(63,268)	(74,001)
Total Expenses		(252,889)	(218,634)	(128,148)	(138,160)
Realized loss of financial assets at fair value through comprehensive income		-	-	-	-
Profit (Losses) of the Period		(31,349)	68,766	(76,478)	(77,834)
<u>Comprehensive Income Items</u>					
Change in fair value (unrealized)		(50)	(800)	10	(630)
comprehensive income (losses)		(31,399)	67,966	(76,468)	(78,464)
		<u>JD / Fils</u>	<u>JD / Fils</u>	<u>JD / Fils</u>	<u>JD / Fils</u>
Basic and Diluted Earnings Per Share		(0.008)	0.017	(0.019)	(0.020)
Weighted average number of shares		4,000,000	4,000,000	4,000,000	4,000,000

The accompanying notes constitute an integral part of this statement

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Rum Financial Brokerage
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The Interim statement of the changes in shareholders' equity for the period ended at 30 th June 2023

	<u>Capital</u>		<u>Compulsory reserve</u>		<u>Fair value reserve</u>		<u>Retained losses</u>		<u>Total</u>	
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance at 31 December 2022	4,000,000	-	5,800	(2,370)	(396,562)	3,606,868	-	-	-	3,606,868
Loss of the period	-	-	-	-	(31,349)	(31,349)	-	-	-	(31,349)
Change in the fair value reserve	-	-	-	(50)	-	(50)	-	-	-	(50)
Balance at 30 June 2023	4,000,000	-	5,800	(2,420)	(427,911)	3,575,469	-	-	-	3,575,469
<hr/>										
Balance at 31 December 2021	4,000,000	-	3,517	(810)	(417,111)	3,585,596	-	-	-	3,585,596
Profit of the period	-	-	-	-	68,766	68,766	-	-	-	68,766
Change in the fair value reserve	-	-	-	(800)	-	(800)	-	-	-	(800)
Balance at 30 June 2022	4,000,000	-	3,517	(1,610)	(348,345)	3,653,562	-	-	-	3,653,562

The accompanying notes constitute an integral part of this statement



Rum Financial Brokerage
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The Interim statement of cash flows for the period ended at 30 th June 2023

	<u>30-Jun-2023</u>	<u>30-Jun-2022</u>
	<u>JD</u>	<u>JD</u>
<u>Cash flows from operational activities</u>		
Profit (Loss) of the period	(31,349)	68,766
Depreciation exp	11,518	5,640
Impariment of employee acc.exp	6,000	3,000
Operational profit (losses)	(13,831)	77,406
<u>Changes in the working capital items</u>		
Brokerage clients / accounts receivable	1,644,563	(14,153)
Guarantees insurance	(25,513)	(30,000)
Other current assets	(4,705)	(94,251)
Brokerage clients / accounts payable	(1,310,984)	609,390
Other current liabilities	70,535	35,798
Net cash from operational activities	360,065	584,190
<u>Cash Flows from Investing Activities</u>		
Property and equipment purchase	(208)	(27,876)
Net Cash Flows from Investing Activities	(208)	(27,876)
Change in the Cash	359,857	556,314
Cash at bigining	842,296	547,892
Cash at ending	1,202,153	1,104,206

The accompanying notes constitute an integral part of this statement

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

Basic of Preparing the Interim Financial Statements:

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

Significant Accounting Policies

- **Use of Estimates:**

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

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

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

- **Cash on Hand and at Banks**

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

Rum Financial Brokerage
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Accounting Policies

Accounts Receivable

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

Financial Assets at Amortized Cost

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

Financial Assets at Fair Value Through the Comprehensive Income Statement

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

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

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

Property, Equipment, and Accumulated Depreciation

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

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

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

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Accounting Policies

- **Accounts Payable and Accruals**

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

- **Setoff**

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

- **Provisions**

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

- **Recognition of Revenues**

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

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

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

Other revenues are realized according to the accrual basis.

- **Date of Financial Assets Recognition**

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

- **Impairment in the Financial Assets**

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

- **Income Tax**

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

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Accounting Policies

1- **General:**

- **Rum Financial Brokerage**, (Al-Safwah Financial Investment Co. previously) was established on 05/09/2005 as a limited liability company under No.(10698) with a capital of (2,469,232) JD/Sharc. The company has been converted into a public shareholding company under No. (457) on 17/08/2008, with an authorized capital become (4 Million) JD / Share , and the paid capital (4) Million JD / Sharc.
- The accompanying financial statements were approved by the Board of Directors on 31/07/2023 .

Objectives of the Company:

- Financial brokerage.
- Financial consultancy.

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Notes to the interim financial statements - June 2023

2- Cash on hand and at banks :

<u>Description</u>	<u>30-Jun-2023</u>	<u>31-Dec-2022</u>
	<u>JD</u>	<u>JD</u>
Cash on hand	556	16,135
Cash at Bank/ client notes	1,052,092	475,657
Cash at Bank/ client notes foregin	146,423	345,206
Cash at bank	3,082	5,298
Total	1,202,153	842,296

3- Brokerages Client / Accounts Receivable :

<u>Description</u>	<u>30-Jun-2023</u>	<u>31-Dec-2022</u>
	<u>JD</u>	<u>JD</u>
Brokerages client / Accounts Reccivable	4,019,030	4,083,196
Less provision for impairment of accounts recivables	(1,100,133)	(1,110,000)
Total	2,918,897	2,973,196

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

<u>Description</u>	<u>30-Jun-2023</u>	<u>31-Dec-2022</u>
	<u>JD</u>	<u>JD</u>
Balance at the beginning of the year	1,110,000	708,000
Adjustment	-	402,000
Bad debts	(9,867)	-
Balance at end of the period	1,100,133	1,110,000

4- Other Current Assets :

<u>Description</u>	<u>30-Jun-2023</u>	<u>31-Dec-2022</u>
	<u>JD</u>	<u>JD</u>
Other receivables	7,091	5,785
Pre-paid exp.	64,763	61,866
Employees advance *	6,614	12,614
Employees' accounts	618	238
Income tax	1,141	1,019
Total	80,227	81,522

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Notes to the interim financial statements - June 2023

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

<u>Description</u>	<u>Number of</u> <u>shares</u> <u>2023</u>	<u>30-Jun-2023</u> <u>JD</u>	<u>Number of</u> <u>shares</u> <u>2022</u>	<u>31-Dec-2022</u> <u>JD</u>
Century investment group Co.	1,000	224	1,000	274
Total		224		274

6- Contribution to settlement guarantee fund :

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

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Notes to the interim financial statements - June 2023

7- Intangible Assets

	<u>Brokerage license</u> JD	<u>Software License</u> JD	<u>Computer Software</u> JD	<u>Total</u> JD
Cost				
Balance at December 31, 2022	50,000	17,891	38,844	106,735
Additions	-	-	-	-
Balance as at June 30, 2023	<u>50,000</u>	<u>17,891</u>	<u>38,844</u>	<u>106,735</u>
Amortization				
Balance at December 31, 2022	10,000	3,120	25,624	38,744
Additions	5,000	1,559	1,586	8,145
Balance as at June 30, 2023	<u>15,000</u>	<u>4,679</u>	<u>27,210</u>	<u>46,889</u>
Book value as at June 30, 2023	<u>35,000</u>	<u>13,212</u>	<u>11,634</u>	<u>59,846</u>
Book value as at December 31, 2022	<u>40,000</u>	<u>14,771</u>	<u>13,220</u>	<u>67,991</u>

8- Net value of Property and equipment :

	<u>Furniture & decorations</u> JD	<u>Office equipment and computers</u> JD	<u>Total</u> JD
Cost			
Balance as at December 31, 2022	71,480	99,268	170,748
Additions	-	208	208
Balance as at June 30, 2023	<u>71,480</u>	<u>99,476</u>	<u>170,956</u>
Acumelated depreciation			
Balance at December 31, 2022	66,716	78,070	144,786
Additions	644	2,729	3,373
Balance as at June 30, 2023	<u>67,360</u>	<u>80,799</u>	<u>148,159</u>
Book value as at June 30, 2023	<u>4,120</u>	<u>18,677</u>	<u>22,797</u>
Book value as at December 31, 2022	<u>4,764</u>	<u>21,198</u>	<u>25,962</u>

9- Related Parties Accounts :

<u>Description</u>	<u>30-Jun-2023</u>	<u>31-Dec-2022</u>
	JD	JD
Financial brokerage / board's members	35	214
Employee Accounts	1062	7183
Total	<u>1,097</u>	<u>7,397</u>

Rum Financial Brokerage
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Notes to the interim financial statements - June 2023

10- Other Current Liabilities :

<u>Description</u>	<u>30-Jun-2023</u>	<u>31-Dec-2022</u>
	<u>JD</u>	<u>JD</u>
Other accounts payable	55,641	8,101
Employees' accounts payable	18,312	19,763
Accrual exp.	1,745	1,745
Other deposits	8,059	2,297
Total	83,757	31,906

11- Administrative and General Expenses :

<u>Description</u>	<u>30-Jun-2023</u>	<u>30-Jun-2022</u>
	<u>JD</u>	<u>JD</u>
Rent exp.	13,250	6,000
Fees and subscriptions	65,609	55,542
Post, phone and internet	4,266	4,155
Professional fees	7,594	13,548
Health insurance	4,537	4,429
Water and electricity	2,099	1,511
Board of Directors reward	3,100	-
Development expenses	3,375	-
Miscellaneous	246	1,231
Stationery, publications, and computer supplies	1,511	1,933
Advertisement expenses	1,790	2,087
Interest and commissions	15,547	14,679
Hospitality and cleaning	1,067	1,882
Transportation	622	677
Issues exp.	1,234	7,669
Trading errors exp.	433	-
Total	126,280	115,343

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Notes to the interim financial statements - June 2023

12- **Risk Management :**

Interest Rate Risks:

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

Credit Risks:

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

Foreign Currency Rates Risks:

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

Share Price Risks:

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

Liquidity Risks:

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