

**ARAB INMA GLOBAL TRADING &
INVESTMENT**

**PUBLIC SHAREHOLDING
COMPANY
AMMAN – JORDAN
INTERIM
CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE
PERIOD ENDED JUNE 30, 2023**

ARAB INMA GLOBAL TRADING & INVESTMENT
PUBLIC SHAREHOLDING COMPANY
AMMAN – JORDAN
INTERIM CONSOLIDATED FINANCIAL STATEMENTS & REVIEW REPORT
FOR THE PERIOD ENDED JUNE 30, 2023

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INDEPENDENT AUDITORS REVIEW REPORT

**To the President and the Board of Directors
Arab Inma Global Trading and Investment Company (P.L.C.)**

Qualified Opinion

We have reviewed the accompanying interim Consolidated financial statements for Arab Inma Global Trading and Investment Company (P.L.C.) and its affiliated companies (the Group) , which comprise the Financial Position as at June 30,2023, the Consolidated Comprehensive income statement, statement of Consolidated Changes in Shareholders' equity and Consolidated Cash flows statement for the period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with international financial reporting standard / international accounting standard No. 34 (interim financial reporting) .

Our responsibility is limited to issue a conclusion on these interim financial statement based on our review.

Based on our review, except for the aforementioned in the qualified opinion , nothing martial has come to our attention that the accompanying interim Consolidated financial statements do not give a true and fair view in accordance with the international accounting standard No. 34.

Qualified Opinion Basis

As disclosed in note (4) ,Investments in lands include lands cost JD 61983 that are not registered by the name of the company but in exchange of or written letters. Also Shimeisani building which was purchased from Darkom Investment Company is not registered by the name of the company but in exchange of irrevocable power of attorney by the name of Mr. Shaher Tawfiq Hamad Al Rawashdeh (current General Manager).

All company lands and real estate are reserved by Bankers Brokerage and Financial Investments Company for Guarantee of payment of JD 2446531 and legal and court fees JD 1260940 taking in consideration that Bankers Brokerage and Financial Investments Company has the execution on land with book value JD 1854218, therefore Inna Company has recorded the book value of the executed lands as receivable from Sami Barakat and Brothers and the company will sue the incident in Bankers Brokerage and Financial Investment Company Case with the full amount , interest and damages.

We conducted our review in accordance with international standard related to the review operations No. 2410 (review of the interim financial statements by the independent auditor of the company). The review process of the interim financial statement consist basically on obtaining explanations from the persons responsible for the financial and accounting matters ,implement analytical review procedures .The scope of the review procedures is much less than the scope of audit according to the international auditing standards , therefore, the review procedures can not allow us to obtain evidence about all significant issues that can be determine through the audit procedures.

Key audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Those matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters are the following:-

- Investments in lands and Real Estate

According to the International Financial Reporting Standards, the company management chose to record the investments in lands and Real Estate at cost, therefore the company should test the reduce of the value of the investments in lands and real estate in the financial position, in case there is an indication on declining value appears the losses from this decline will be calculated according to assets declining value policy , the management reach the decline in value through certified experts . Since these investments are material we consider it one of the key audit matters.

We concentrate on this subject because IFRS 9 which was implemented by the company on Jan.1,2018 requires complicated accounting treatment including the use of estimates and other roles when specifying the changes done on the changing date resulted material changes on operations, data and controls that must be chosen for the first time.

Our audit deal with this issue through our audit procedures that include the study of all control procedures use in order to insure the physical presents and completeness through the title deeds, the to assure there is no decline in the value in the financial position through the management assumptions and the outsourcing information form the certifies experts and we make sure that the sufficiency of the company declarations.

Audit procedures we perform include the following in addition to others:

- Evaluate the suitability of the accounting policies used
- Studying the suitability of the moving process and the practical tools used
- Evaluate the management style used in examining the expecting credit losses methodology
- Study the management style used and the controls used to assure the completeness and moving adjustments accuracy
- Sit and evaluate the related controls
- Evaluate the management decisions and estimates used in moving adjustments especially that related to future
- Sharing with specialists in financial risk management in evaluating the assumptions and decisions related to future adjustments
- Evaluate the adequacy , suitability and completeness of the data used in moving adjustments
- Evaluate the sufficiency of the company clarifications
-

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, for internal control purposes, it is the management responsibility to determine the necessary elements to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern

basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Legal requirements report

The company maintains proper books of accounting records which are in agreement with the accompanying consolidated financial statements in the report of the Board of Directors in accordance with the correct accounts records, and recommends to the General Assembly approve them.

Alqubbaj Public Accountants
Jawad R. Qubbaj
License no. 647



Amman-Jordan
(17/07/2023)

ARAB INMA GLOBAL TRADING & INVESTMENT
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED FINANCIAL POSITION (UN AUDITED)

	Note	30-Jun 2023 JD	31-Dec 2022 JD
<u>ASSETS</u>			
Non Current Assets:			
Property and Equipments-Net		832	702
Real Estate Investment	5	4,001,142	4,018,400
Total Non Current Assets		4,001,974	4,019,102
Current Assets:			
Prepaid Expenses and Refundable Deposits		14,474	2,821
Lands for Sale		136,981	136,981
Receivables and Checks under collection		2,228,713	2,212,339
Cash and Cash Equivalents		766	8,383
Total Current Assets:		2,380,934	2,360,524
Total Assets		6,382,908	6,379,626
<u>LIABILITIES & SHAREHOLDERS EQUITY</u>			
Shareholders' Equity :			
Share Capital		3,000,000	3,000,000
Statutory Reserve		265,148	265,148
Voluntary Reserve		244,466	244,466
Special Reserve		229,967	229,967
Accumulated Losses		(666,231)	(613,534)
Total Shareholders' Equity		3,073,350	3,126,048
Liabilities :			
Long term Liabilities:			
Long term Loans		374,597	359,788
Total long term Liabilities		374,597	359,788
Current Liabilities:			
Accrued Expenses and other liabilities		128,770	128,635
Lawsuit Provision		2,000,000	2,000,000
Accounts Payable		294,194	265,505
Bank Overdraft		511,996	499,650
Total Current Liabilities		2,934,961	2,893,790
Total Liabilities and Partners' Equity		6,382,908	6,379,626

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE STATEMENTS.

ARABINMA GLOBAL TRADING & INVESTMENT
PUBLIC SHAREHOLDING COMPANY

AMMAN – JORDAN

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	for the Period Ended June 30	
		2023 JD	2022 JD
Revenue		90,219	92,474
Cost of Revenue		(22,201)	(27,901)
Gross Profit		68,018	64,573
General and admin. expenses		(72968)	(59171)
Financing Chages and Rent Contracts Liab. Interest		(47748)	(37407)
Other Revenues and Expenses		0	910
Net Income(loss) for the Period		(52,698)	(31,095)
Other Comprehensive Income		0	0
Total Comprehensive Income for the Period		(52,698)	(31,095)
Earnings per Share:			
Earnings per Share- JOD/Share		(0.018)	(0.010)
Weighted Avarage for the Capital Shares Number-Share		3,000,000	3,000,000

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE STATEMENTS

ARABINMA GLOBAL TRADING & INVESTMENT
PUBLIC SHAREHOLDING COMPANY
AMMAN – JORDAN

INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY
FOR THE PERIOD ENDED JUNE 30, 2023

	paid - up Capital JD	Statutory Reserve JD	Voluntary Reserve JD	Special Reserve JD	Accumulated Losses JD	Total JD
2023						
Balance-beginning of the year	3,000,000	265,148	244,466	229,967	(613,534)	3,126,048
Profits (losses) for the Period	0	0	0	0	(52,698)	(52,698)
Balance - End of the Period	3,000,000	265,148	244,466	229,967	(666,233)	3,073,350
2022						
Balance-beginning of the year	3,000,000	265,148	244,466	229,967	(543,601)	3,195,980
Profits (losses) for the Period	0	0	0	0	(31,095)	(31,095)
Balance - End of the Period	3,000,000	265,148	244,466	229,967	(574,697)	3,164,886

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
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ARAB INMA GLOBAL TRADING & INVESTMENT
PUBLIC SHAREHOLDING COMPANY
AMMAN – JORDAN
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

for the Period Ended

June 30,

	2023 JD	2022 JD
CASH FLOWS FROM OPERATING ACTIVITIES :		
Profits for the year	(52,698)	(31,095)
Adjustments for :		
Depreciation and Amortization	17,352	23,054
Gains from Fixed Assets Sales	0	0
(increase) decrease in accounts receivable & checks under collection	(16,374)	(12,214)
(increase) decrease in prepaid expenses and refundable deposits	(11,653)	(8,098)
increase(decrease) in accounts payable	28,689	1,454
increase(decrease) accrued expenses & other credit balances	135	(13,193)
Net Cash flows from (used in) operating activities	(34,548)	(40,091)
CASH FLOWS FROM INVESTING ACTIVITIES :		
Acquisition of fixed assets	(225)	(700)
Proceeds from fixed assets sale	0	0
Lands ready for sale	0	0
Net Cash Flows from (used in) investing Activities	(225)	(700)
CASH FLOWS FROM FINANCING ACTIVITIES :		
increase(decrease) in loans	14,809	14,306
increase(decrease) in credit banks	12,346	11,765
Net Cash Flows feom (used in) financing activities	27,155	26,071
Net Increase (Decrease) in cash	(7,618)	(14,720)
Cash on hand and at banks – beginning of period	8,383	16,183
Cash on Hand and at Banks – End of period	766	1,464

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART
OF THESE STATEMENTS

ARAB INMA GLOBAL TRADING AND INVESTMENT
PUBLIC SHAREHOLDING COMPANY
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30,2023

1- General

Arab Inma Global Trading and Investment Company (the company) is a Jordanian Public Shareholding Company registered on December 14,2004 under commercial registration number (357), the company share Capital is JOD 7000000 divided into 7000000 shares , the value of each share is one JOD. Company General Assembly meeting dated 30/3/2021 decided to decrease the company Capital by JD 4 million to become JD 3 million.

The Company main activities are managing public investments, import and export, general trade and carry out all business and investments and everything falls under the business of commercial and investment companies in Jordan and abroad.

2- Preparation and Summary of Significant Accounting Policies

Basis of consolidated interim financial statements

The interim consolidated financial statements have been prepared in accordance with international accounting Standard 34, Interim Financial Reporting.

The interim consolidated financial statements are presented in Jordanian Dinar.

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

The interim consolidated financial statements as at June 30,2023 and December 31,2022 contains the financial statements of the following subsidiaries :-

- Arab Saudi Inma Investment Company Ltd fully owned by the Company.
- Al Hanem Real Estate Investment Company Ltd fully owned by the Company.

Significant accounting policies

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

Changes in Accounting Policies

Standards ,new and adjusted explanations issued and applied by the Company

1- IFRS:16 leases

IFRS 16 has been issued during January 2016, accordingly all lease contracts have been recognized in the statement of financial position, with no difference between operational and financial leases, accordingly a new asset (Right to use assets) and new liability (liability against lease Contracts) except for short term rent contracts and with low value. The accounting of lessors under IFRS 16 did not materially change.

This standard effect mainly the accounting treatment of operating Leases. This standard is compulsory to be implanted to the years started on January first 2019 and after. All contracts that will be treated among this standard represents offices rent of the company. Assets shown in the statement of financial position will be amortized using straight line method over the period of utilization of this asset. Noting that rent contracts will be treated as operational rent according to the standard of IFRS 17 and charged as rent expense for the period in the comprehensive income statement.. Rent recognized as a right to use an asset and liability against the time when these assets were available for use. Each rent payment will be divided between the liability and the financial cost. Financial cost will be charged to

the profit and loss over the period of rent contract by using fixed interest rate over the due balance of the liability for each period. Depreciation right to use asset will be depreciated over the life time of the asset or rent contract which is shorter by using fixed line method.

Assets and liabilities resulting from rent measured according to the present value. Assets consist of present value of all future payment of rent as follows:-

- 1- Fixed payments – accrued rental motivations
- 2- Variable rent payments according to the average
- 3- Payments expected to be paid by lessee according to remain value guarantees.
- 4- The price for lease to buy choice in case the lessee is sure that he will exercise this right.
- 5- Cancellation contracts penalties if the lease conditions directs to the lessee use of this choice.

Operational lease contracts liabilities at the current value for the future payments will be measured by discounting these payments using an interest rate in the contract or using an interest rate for borrowing same amount for same periods in the same economic environment.

Right to use the asset cost will be measured as follows:

- 1- Agreed upon rent value
- 2- Any payment paid in or before the contract started date minus any motivations received.
- 3- Any initial direct costs
- 4- Maintenance cost to keep the rented condition as it was before

Short term rent with low values will be recognized using the straight line method as expense in the profit and loss statement. Short term contract is a contract for period 12 months or less. Since no rent contracts for a period over 12 months , all payments related to short term rent contracts has been recognized using the straight line method as expense in the profit and loss statement

2- New standards and amendments issued and become valid.

There is number of new standards , amendments and explanations that has been issued and become valid and not implemented by the company when preparing the financial statement and the company is not planning to implement these standards because it is not applicable for the company activities.

These standards and amendments and date of validity are as follows:

- 1- Amendments on international standard for financial reporting number 3 (business merge) 1/1/2020
- 2- Amendments on accounting standards number 1 (financial statements presentations) 1/1/2020
- 3- Amendment to accounting standard number 8 (changes in financial estimations and financial errors) 1/1/2020
- 4- Amendments on international standard for financial report number 7 (financial tools / disclosure) 1/1/2020
- 5- Amendment international financial reporting standard number 9 (financial tools) 1/1/2020
- 6- Amendment on international standard number 10 (consolidated financial statements) postponed to unknown date
- 7- Amendments of international standard number 28 (investment in sister companies and joined ventures) postponed to unknown period of time.

The Company Management expects to implement these standards , amendments and explanations when it is available for implementations and may these new standards has no material effect on the company's financial Statements during initial implementation period.

3.Basis of consolidating interim financial statements

The interim Consolidated Financial Statements Incorporate the Financial Statements of Arab Inma Global Trading and Investment Company (Public Shareholding Company) and the subsidiaries controlled by the company.

Control is achieved where the company:

- Ability to exert power over the investee.
- Exposure or right to variable returns from its involvement with the investee.
- Ability to exert power over the investee to affect the amount of the investors returns.

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

- When the company has less than a majority of the voting , The company shall have control over the investee when the voting rights sufficient to give the ability to direct relevant activities of the investee individually.
- The company reassesses whether or not it controls an investee.it consider all the relevant facts and circumstances which includes:
 - Size of the holding relative to the size and dispersion of other vote holders.
 - Potential voting rights, other vote-holders and other parties.
 - Other contractual rights.
 - Any additional facts and circumstances may indicate that the company has , or does not have , the current ability to direct the activities related to the time needed to make decisions, including how to vote at previous shareholders meetings.

The consolidation process begin when the company achieve control on the investee enterprise (subsidiary) ,while that process stops when the company loses control of the investee (subsidiary) , in particular income and expenses of the subsidiaries acquired or disposed of during the year are included in the consolidated income statements ,and the consolidated comprehensive

income statement from the effective date of acquisition and up to the effective date of which it loses control of the subsidiary company.

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

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

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

Equity instruments at FVTOCI

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

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

Debt instruments at amortized cost or at FVTOCI

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

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

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

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

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

Financial assets at FVTPL

Financial assets at FVTPL are:

- 1- Assets with contractual cash flows that are not SPPI ; or and
- 2- Assets that are held in business model other than held to collect contractual cash flows or held to collect and sell or
- 3- Assets designated at FVTPL using their fair value option.

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

Fair value option: A financial instrument with a reliably measurable fair value can be designated as FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option can be used for financial assets if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from

measuring assets or liabilities, or recognizing related gains and losses on a different basis (an “accounting mismatch).

Reclassifications

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

Impairment

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

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

With the exception of purchased or originated credit impaired (POCI) financial assets (which are considered separately below) ECLs are required to be measured through a loss allowance at an amount equal to:

- 12 Month ECL ie lifetime ECL that results from those default events on the financial instruments that are possible within 12 months after reporting date (referred to as stage 1); or
- Full lifetime ECL ie lifetime ECL that results from all possible default events over the life of the financial instruments, (referred to as stage 2 and stage 3)

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

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

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

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

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

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

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

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

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

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

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

Credit- impaired financial assets

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

DE-recognition of financial assets

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

asset and also recognizes a collateralized borrowing for the proceeds received.

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

On DE recognition of a financial asset that is classified as FVTOCI , the cumulative gain or loss previously accumulated in the cumulative change in fair value of securities reserve is not reclassified to profit or loss , but is reclassified¹ to retained earnings.

Presentation of allowance for ECL are presented in the financial information

Losses allowance for ECL are presented in the financial information as follows:

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

For debt instruments measured at FVTOCI no loss allowance is recognized in the interim consolidated statements of financial position as the carrying amount in re-evaluation reserve and recognized in other comprehensive income.

Revenue recognition

IFRS15 Revenue for contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several standards and interpretation within IFRSs. It establishes a new five- step model that will apply to revenue arising from contracts with customers.

Step 1: identify the contract with customer:

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 : Identify the performance obligations in the contract:

Performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3: Determine the transaction price:

Transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring the goods and services to a customer excluding amount collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract:

For a contract that has more than one performance obligation the company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenues as and when the entity satisfies the performance obligation:

The company recognizes revenue over time if any one of the following criteria is met :-

- The customer simultaneously receives and consumes the benefits provided by the company performance as the company performs.
- The company performance creates or enhances an asset that the customer controls as the asset is created or enhanced or .
- The company performance does not create an asset with an alternative use to the company and the entity has an enforceable right to payment for performance obligation completed to date .
- The company allocates the transaction price to the performance obligations in a contract based on the input method which requires the revenue recognition on the basis of the company efforts or inputs to the satisfaction of the performance obligations.
- The company estimates the total costs to complete the projects in order to determine amount of revenue to be recognized.

Impact of changes in accounting policies due to adoption of new standards (continued)

Revenue recognition (continued)

When the company satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from the customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable, Taking into account the contractually agreed terms of payment . The company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or agent and has concluded that it is acting as a principal all of its revenue arrangements.

Revenue is recognized in the interim consolidated financial statements to the extent that it is probable that the economic benefits will flow to the company and the revenue and costs, if and when applicable, can be measured reliably.

Critical accounting judgments and key sources of estimation uncertainty

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

In preparing these interim consolidated financial statements, the significant judgments made by management in applying the company accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial consolidated statements for the year ended 31 December 2019, except for the adoption of IFRS 9 which has resulted in changes in accounting judgments for recognition of financial assets and liabilities and impairment of financial assets, as set out below .

Critical judgments in applying the company accounting policies in respect of IFRS9

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

Significant increase of credit risk

ECLs are measured as an allowance equal to 12 month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition . IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

Establishing Company of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are Company collected on the basis of shared risk characteristics (e.g. , instrument type , credit risk grade , collateral type , date of initial recognition , remaining term of maturity , industry , geographic location of the borrower, etc.). The company monitors the appropriateness of credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better

reflects the similar credit risk characteristics of the company of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12- month to lifetime ECLs or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12 month or lifetime ECLs but the amount of the ECLs changes because the credit risk of the portfolios differ.

Models and assumptions used

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

Key sources of estimation uncertainty in respect of IFRS 9

The following are key estimations that the management has used I the process of applying the company's accounting policies and that have the most significant effect on the amounts recognized in interim consolidated financial statements. Establishing the number and relative weightings of forward-looking scenarios for each type of product/market determining the forward looking information relevant to each scenario : when measuring ECL the company uses reasonable and supportable forward looking information. Which based on assumptions for the future movement of different economic drives and how these drivers will affect each other.

Probability of Default

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

Loss Given to Default

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

Short term leases

The company applies exemption from short – term leases agreements on short- term leases of real estate (i.e. leases of 12 months or less from the inception date and do not include a purchases option) . Leases payments on short – term leases and leases of impaired assets are recognized as an expense on the straight

Expenses

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

General and administrative expenses include direct and indirect costs which are not specifically part of production costs as required under Generally accepted Accounting principles, allocations between general and administrative expenses and cost of sales are made on a consistent basis when required.

Cash and Cash equivalents

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

Accounts receivable

Accounts receivable are stated at invoice amount less any provision for doubtful and a provision for doubtful debts is taken when there is an indication that the receivable may not be collected, and are written off in the same period when there is impossible recovery of them.

Accounts payable and accruals

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

Investments in land for sale

Investments in land and real estate are stated at cost. International Accounting Standard No.(40) States that investment in lands should be stated at their cost or at fair market value whichever more clearly determinable. The company chose recording its investments in lands at their cost in accordance with the Accounting principles and standards.

Projects under construction

Projects under construction are stated at cost, and borrowing costs are capitalized on withdrawals from loans to finance these projects

De-Recognition

The Company cancels the recognition of financial assets only when the contractual rights about receipt of each flow from the financial assets had ended, and substantially all risks and benefits of the ownership to another firm. In the case of the company doesn't transfer or retain substantially risks or benefits of the ownership and continue in control of the transferred assets the company in this case recognizes its related share in the transferred assets and the related liabilities in the limits of the amounts expected to be paid. In the other case when the company retained substantially all risks and benefits of ownership of the transferred assets, the company will continue to recognize the financial assets.

Property and equipment

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

	<u>Annual depreciation rate</u>
Furniture and office equipment	15%
Vehicle	20%
Craft zone supplies	20%
Decorations	25%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and amortization period appropriate with the expected economic benefits of property and equipment.

In case of any indication to the low value, impairment losses are calculated according to the policy of the low value of the assets.

At the exclusion of any subsequent property and equipment, recognize the value of gains or losses resulting, which represents the difference between the net proceeds of exclusion and the value of the property and equipment that appears in the interim consolidated statement of financial position, Gross profit and losses.

Provisions

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

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

Leasing

Leasing are classified as capital lease whenever the terms of the lease transfer substantially all of the risks and reward of ownership to the lessee, all other leases are classified as operating leases.

The use of estimation

The preparation of financial statements and the application of accounting policies required of the Company's management to make estimates that affect the amounts of financial assets and liabilities and disclosure of contingent liabilities, these estimates also affect the revenues, expenses and provisions.

As well as changes in fair value that appears in owner's equity

In particular, required of the company's management to issue important judgments to estimates are shown necessarily on the assumptions and multiple factors have a varying degree of appreciation and uncertainty and that actual result may differ from estimates as a result of changes resulting about the conditions and circumstances of these estimates in the future.

The sectoral report represent

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

Offsetting

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

Income tax

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

Foreign currency translation

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

4. Investments in Lands

Investments in lands include lands cost JOD 61983 that are not registered by the name of the company but in exchange of irrevocable agencies or written letters.

The fair value of lands investments amounted JOD 149642 based on professional real estate estimators.

5. Real estate investments

Cost:	<u>30/6/2023</u>	<u>2022</u>
Beginning balance of the year	4807205	4807205
Additions	-	-
	<u>4807205</u>	<u>4807205</u>

Accumulated Depreciation:

Beginning balance of the year	788805	742797
Additions	17258	46008
	<u>806063</u>	<u>788805</u>
Net book value	<u>4010142</u>	<u>4018400</u>

The fair value of real estate investments amounted JOD 5967300 based on professional real estate estimators.

The building in Marka is constructed on land No.1 of Marka lands is mortgaged by JOD 500000 to the benefit of bank against banking facilities that granted to the company

The building in shmesani which was purchased from Darkom Investment Company that are not registered by the name of company but in exchange of expired irrevocable agency by the name of Mr. Shaher Tawfiq Hamed Al Rawashdeh (Current General Manager).

6. Financial instruments

Management of share capital risks

The company manage its capital to make sure that the company will continue when it is take the highest return by the best limit for debts and owners' equity balances. The company's strategy doesn't change from 2022.

The management of the financial risks

The company's activities might be exposing mainly to the followed financial risks.

Currency risks

Currency risk is defined as the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates, risks related to the financial instruments denominated in USD, are low due to the constancy of exchange rate of JD against USD, while risks related

to other foreign currencies were reflected in the interim consolidated of comprehensive income statement.

Interest rates risk

Interest rate risk is defined as the risk value or future cash flows of financial instrument will fluctuate because of changes in market rates, the financial instrument in the interim consolidated statement of financial position are not subject to interest rate risk with the exception of due to banks and loans that are subject to current market interest rates.

Other price risk

Other price risk is defined as the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Whenever those changes are caused by factors specific to the individual instrument in the interim consolidated statement of financial position are not subject to other pricing risk with the exception of investment.

Credit risk

Credit risk is defined as the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge an obligation; the company maintains cash at financial institution with suitable credit rating. The company looks forward to reduce the credit risk by maintaining a proper control over the customer's credit limits and collection process and take provisions for doubtful accounts.