

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

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

30 JUNE 2023

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

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

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of United Financial Investment Company (Public Shareholding Company) (later on "the company") and its subsidiaries (together "the group") as at 30 June 2023 and the related interim condensed consolidated statement of comprehensive income for the three and six months period ended 30 June 2023, and interim condensed consolidated statements of changes in shareholders' equity and cash flows for the six months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standard (34) "interim financial reporting" as amended by the Central Bank of Jordan instructions. Our responsibility is to express a conclusion on this interim condensed consolidated 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 condensed consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 related to interim financial reporting, as amended by the Central Bank of Jordan instructions.

For and on behalf of PricewaterhouseCoopers "Jordan"


Hazem Hana Sababha
License No (802)

Amman, Jordan
31 July 2023



**UNITED FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023 (UNAUDITED)**

| | Note | 30 June 2023 JD (Unaudited) | 31 December 2022 JD (Audited) |
|---|------|--------------------------------------|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 4 | 1,115,835 | 654,005 |
| Intangible assets | | - | 1,560 |
| Seized assets | 5 | 4,057,768 | 4,057,768 |
| Right-of-use assets | | 16,068 | 18,674 |
| Financial assets at fair value through other comprehensive income | 7 | 3,527,726 | 1,786,603 |
| Deposits of settlement guarantee fund | 6 | 186,000 | 50,000 |
| Deferred tax assets | 11 | 971,445 | 957,467 |
| | | <u>9,874,842</u> | <u>7,526,077</u> |
| Current assets | | | |
| Receivables from financial brokerage customers - net | 8 | 13,161,648 | 12,748,910 |
| Other debit balances | | 251,778 | 687,188 |
| Cash on hand and at banks | 9 | 5,589,470 | 9,584,237 |
| | | <u>19,002,896</u> | <u>23,020,335</u> |
| TOTAL ASSETS | | <u>28,877,738</u> | <u>30,546,412</u> |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' EQUITY | | | |
| Authorized and paid-in capital | 10 | 10,000,000 | 10,000,000 |
| Statutory reserve | | 1,770,381 | 1,770,381 |
| Voluntary reserve | | 40,873 | 40,873 |
| Financial assets fair value reserve – net | | (1,692,062) | (1,463,844) |
| Accumulated losses | | (2,844,134) | (2,504,457) |
| NET SHAREHOLDERS' EQUITY | | <u>7,275,058</u> | <u>7,842,953</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Long term loan | 14 | 12,121,250 | 14,143,750 |
| Lease liabilities | | - | 18,259 |
| End of service provision | | 205,851 | 194,996 |
| | | <u>12,327,101</u> | <u>14,357,005</u> |
| Current liabilities | | | |
| Long term loan – current portion | 14 | 4,045,000 | 2,829,583 |
| Bank overdrafts | | - | 2,001,184 |
| Lease liabilities – current portion | | 16,981 | 1,215 |
| Payables to financial brokerage customers | | 3,629,156 | 1,761,055 |
| Other credit balances | 16 | 1,412,661 | 1,476,194 |
| Due to related parties | 17 | - | 2,086 |
| Income tax provision | 11 | 171,781 | 275,137 |
| TOTAL LIABILITIES | | <u>9,275,579</u> | <u>8,346,454</u> |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | <u>21,602,680</u> | <u>22,703,459</u> |
| | | <u>28,877,738</u> | <u>30,546,412</u> |

Chief Financial Officer

General Manager

The attached notes from 1 to 20 are an integral part of the interim condensed consolidated financial statements

UNITED FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX AND THREE MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

| | Note | For the six months ended 30 June | | For the three months ended 30 June | |
|--|------|----------------------------------|-------------------|------------------------------------|-------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | JD (Unaudited) | JD (Unaudited) | JD (Unaudited) | JD (Unaudited) |
| Revenues | | | | | |
| Commission income - net | | 320,243 | 327,736 | 113,631 | 197,522 |
| (Losses) Income from the valuation of financial assets at fair value through profit and loss | | - | (2,969) | - | 109,335 |
| Gain on sale of financial asset at fair value through profit and loss | | - | 559,330 | - | 560,360 |
| Interest Income | | 744,080 | 134,849 | 369,749 | 116,559 |
| Other income | 18 | 296,081 | 53,733 | 237,593 | 26,130 |
| Reversal of expected credit losses | | - | 323,000 | - | 323,000 |
| Gross income | | 1,360,404 | 1,395,679 | 720,973 | 1,332,906 |
| EXPENSES | | | | | |
| Employees expenses | | (424,198) | (291,208) | (225,167) | (160,927) |
| Other expenses | 12 | (268,687) | (300,629) | (122,362) | (229,050) |
| Impairment loss - seized assets | | - | (53,583) | - | (53,583) |
| Expected credit loss provision - Receivables from financial brokerage customers | 8 | (87,106) | - | (87,106) | - |
| Expected credit loss provision – cash and financial institutions | 9 | (52,223) | - | - | - |
| Depreciation and amortization | | (15,204) | (9,582) | (8,298) | (5,054) |
| Finance costs | | (726,906) | (74,266) | (370,386) | (32,308) |
| Total expenses | | (1,574,324) | (729,268) | (813,319) | (480,922) |
| (Loss) Income before income tax | | (213,920) | 666,411 | (92,346) | 851,984 |
| Tax expense for the period | 11 | (125,757) | (661,800) | (43,634) | (661,791) |
| (Loss) income for the period | | (339,677) | 4,611 | (135,980) | 190,193 |
| Add: other comprehensive income items | | (228,218) | (226,281) | (245,941) | - |
| Total (comprehensive loss) income for the period | | (567,895) | (221,670) | (381,921) | 190,193 |
| Earnings per share for the period | 13 | (0.057) | (0.028) | (0.038) | 0.024 |

The attached notes from 1 to 20 are an integral part of the interim condensed consolidated financial statements

**UNITED FINANCIAL INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)**

| | Authorised and paid-in capital | Statutory reserve | Voluntary reserve | Financial assets fair value reserve - net | Accumulated losses | Net shareholder's equity |
|--|-----------------------------------|----------------------|----------------------|--|-----------------------|--------------------------------|
| | JD | JD | JD | JD | JD | JD |
| For the six months ended 30 June 2023 (Unaudited) | | | | | | |
| Balance as 1 January 2023 | 10,000,000 | 1,770,381 | 40,873 | (1,463,844) | (2,504,457) | 7,842,953 |
| Other comprehensive income items | - | - | - | (228,218) | - | (228,218) |
| Loss for the period | - | - | - | - | (339,677) | (339,677) |
| Balance as at 30 June 2023 | <u>10,000,000</u> | <u>1,770,381</u> | <u>40,873</u> | <u>(1,692,062)</u> | <u>(2,844,134)</u> | <u>7,275,058</u> |
| For the six months ended 30 June 2022 (Unaudited) | | | | | | |
| Balance as at 1 January 2022 | 8,000,000 | 1,690,658 | 40,873 | (35,505) | (2,125,051) | 7,570,975 |
| Other comprehensive income items | - | - | - | (226,281) | - | (226,281) |
| Income for the period | - | - | - | - | 4,611 | 4,611 |
| Balance as at 30 June 2022 | <u>8,000,000</u> | <u>1,690,658</u> | <u>40,873</u> | <u>(261,786)</u> | <u>(2,120,440)</u> | <u>7,349,305</u> |

The attached notes from 1 to 20 are an integral part of the interim condensed consolidated financial statements

**UNITED FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)**

| | Notes | 30 June 2023 JD (Unaudited) | 30 June 2022 JD (Unaudited) |
|---|-------|--------------------------------------|--------------------------------------|
| Operating activities: | | | |
| (Loss) income for the period before tax | | (213,920) | 666,411 |
| Adjustments for: | | | |
| Depreciation and amortization | | 15,204 | 9,582 |
| Expected (Reversed) credit loss provision - Receivables from financial brokerage customers | 8 | 87,106 | (323,000) |
| Expected credit loss provision – cash and financial institutions | 9 | 52,223 | - |
| Loss from the valuation of financial assets at fair value through profit and loss | | - | 559,330 |
| Gain from sale of financial assets at fair value through profit and loss | | - | (2,969) |
| End of service provision | | 22,210 | 9,070 |
| Interest income | | (744,080) | (134,849) |
| Interest expense | | 726,906 | 74,266 |
| Gain on the sale of property and equipment | | (560) | - |
| Changes in working capital: | | | |
| Additions on seized assets | | - | 45,305 |
| Deposits of settlement guarantee fund | | (136,000) | (25,000) |
| Financial assets at fair value through profit and loss | | - | 2,632,466 |
| Financial assets at fair value through other comprehensive income | | (1,969,341) | (3,741,897) |
| Receivables from financial brokerage customers – net | | (499,844) | (10,111,328) |
| Due from related parties | | - | (436,697) |
| Other debit balances | | 424,545 | (167,841) |
| Payables for financial brokerage customers | | 1,868,101 | 1,846,808 |
| Due to related parties | | (2,086) | (76,587) |
| Tarife and other credit balances | | (63,533) | 4,728,490 |
| Net cash flows used in operating activities before income tax paid | | (433,069) | (4,448,440) |
| End of service provision paid | | (11,355) | - |
| Income tax paid | | (232,216) | (20,742) |
| Net cash flows used in operating activities | | (676,640) | (4,469,182) |
| Investing activities | | | |
| Purchases of property and equipment | | (472,878) | (30,108) |
| Proceeds on the sale of plant and property | | 560 | - |
| Financial assets at amortized cost | | - | (3,487,909) |
| Interest income | | 744,080 | 134,849 |
| Net cash flows generated from (used in) investing activities | | 271,762 | (3,383,168) |
| Financing activities | | | |
| Proceeds from loans | | - | 8,640,000 |
| Lease payments | | (2,493) | 21,899 |
| Loans payments | | (807,083) | (30,000) |
| Interest paid | | (726,906) | (74,266) |
| Net cash flows (used in) generated from financing activities | | (1,536,482) | 8,557,633 |
| Net change in cash and cash equivalents | | (1,941,360) | 705,283 |
| Cash and cash equivalents at 31 December | 9 | 7,583,053 | (700,856) |
| Cash and cash equivalents at 30 June | 9 | 5,641,693 | 4,427 |

The attached notes from 1 to 20 are an integral part of the interim condensed consolidated financial statements

**UNITED FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023 (UNAUDITED)**

(1) GENERAL INFORMATION

United Company for Financial Investments (the "Company") was established as a public shareholding limited company under No. (297) on 8 October 8 1995 under the Companies Law with share capital of JOD 1,500,000, divided into 1,500,000 shares of JOD 1 per share, the Company's capital was increased multiple times, with the most recent increase in 2021 to reach 10,000,000 shares of JOD 1 each.

The Company is listed on Amman Stock Exchange.

The Company is 78.4% owned by Jordan Kuwait Bank. The headquarter is in Amman Shmeisani area - Abdul Aziz Al Thaalbi Street, PO Box 927250 Amman - 11192 - Hashemite Kingdom of Jordan.

The financial statements of the Company are consolidated with the financial statements of Jordan Kuwait Bank.

The Company's main objectives are to provide administrative and advisory services to investment portfolios and financial services to deal in the local market, to provide agent or financial advisor services, to invest in securities, to provide economic feasibility studies, and to own movable and immovable funds in the interest of the company.

The interim condensed consolidated financial statements were approved by the Board of Directors on 31 July 2023.

(2) SIGNIFICANT ACCOUNTING POLICIES

Following are the significant accounting policies used by the Company in the preparation of the interim condensed consolidated financial statements.

2.1 Basis of preparation

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

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

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

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2022. The results of the three and six months ended 30 June 2023 do not necessary state the expected results for the year ending 31 December 2023.

2-2-1 The main differences between the IFRSs as they shall be applied and what has been approved by the Central Bank of Jordan are the following:

Some items in the statement of financial position and income statement and the detailed explanations are shown and classified, such as credit facilities, suspended interest, expected credit losses, restricted balances, seized assets, fair value levels, sectoral classification, and clarifications regarding risks and others, in accordance with the requirements and instructions of the Central Bank of Jordan and the indicative forms issued. It may not include all the requirements of IFRSs such as those contained in IFRS No. (7), (9) and (13).

Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) "Application of the IFRS (9)" dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the company operates, whichever is stricter. The significant differences are as follows:

- (a) Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit losses.
- (b) When calculating credit losses against credit exposures as per IFRS 9 instructions, the calculation results are compared with the Central Bank of Jordan instructions No. (47/2009) of 10 December 2009 for each stage separately and the stricter results are taken.

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

a) Low Risk Credit Facilities, no provisions calculated on :

The credit facilities that have any of the following characteristics:

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

b) Acceptable Risk Credit Facilities, no provisions calculated on:

The credit facilities that have the following characteristics:

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

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

The credit facilities that have any of the following characteristics:

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

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

d) Non-Performing Credit Facilities :

The credit facilities that have any of the following characteristics:

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

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

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

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

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

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

2.2 Basis of consolidation

The subsidiary is consolidated when the Company obtains control over the subsidiary and is ceased when the Company loses control of the subsidiary. Specifically, the results of operations of subsidiaries acquired or excluded during the period are included in the consolidated statement of comprehensive income from the date on which control is achieved until the date the company ceases to control the subsidiary.

The consolidated financial statements include the financial statements of the Company and its following subsidiaries (together the "group") as of 30 June 2023:

| The Company | Date of Control | Country of incorporation | Paid in Capital | Ownership percentage |
|--|-------------------|--------------------------|-----------------|----------------------|
| Specialized Managerial Company for Financial Consultancy Mawared Financial Brokerage Company | 12 September 2021 | Jordan | 530,000 | 100% |
| Arab Financial Investment Company | 1 June 2022 | Jordan | 3,000,000 | 100% |
| | 20 December 2022 | Jordan | 4,800,000 | 100% |

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

The group re-assesses whether or not it controls a company if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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

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 from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss.

Investment in subsidiaries are accounted for at cost in the separate financial statements of the Company.

2.3 Changes in Accounting Policies

(A) New standards issued and applicable for annual periods starting on or after 1 January 2023 which have been followed by the Group:

| New standard | Description | Effective date |
|------------------------------------|---|----------------|
| IFRS 17 Insurance Contracts | <p>IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> • discounted probability-weighted cash flows • an explicit risk adjustment, and • a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. | 1 January 2023 |

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

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short-duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under 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.

Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023. Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.

UNITED FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023 (UNAUDITED)

| | | |
|--|--|----------------|
| Disclosure of Accounting Policies – Amendments to IAS 1 | <p>The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.</p> <p>To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p> | 1 January 2023 |
| Definition of Accounting Estimates – Amendments to IAS 8 | <p>The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.</p> | 1 January 2023 |
| Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 | <p>The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.</p> <p>The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:</p> <ul style="list-style-type: none"> • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. <p>The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.</p> <p>IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.</p> | 1 January 2023 |

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

(B) New standards issued and not yet applicable or early adopted by the Group:

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

| Standard | Description | Effective date |
|--|---|----------------|
| Non-current liabilities with covenants – Amendments to IAS 1 | <p>Amendments made to IAS 1 Presentation of Financial Statements in 2020 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarified what IAS 1 means when it refers to the 'settlement' of a liability. The amendments were due to be applied from 1 January 2022. However, the effective date was subsequently deferred to 1 January 2023 and then further to 1 January 2024. In October 2022, the IASB made further amendments to IAS 1 in response to concerns raised about these changes to the classification of liabilities as current or non-current. The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:</p> <ul style="list-style-type: none"> • the carrying amount of the liability • information about the covenants, and • facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants. <p>The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or noncurrent.</p> | 1 January 2024 |
| Lease liability in sale and leaseback – amendments to IFRS 16 | <p>In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.</p> | 1 January 2024 |

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

The IASB has made limited scope amendments to IFRS 10 1 January Consolidated Financial Statements and IAS 28 Investments in 2024 Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

*** In December 2015, the IASB decided to defer the application date of this amendment until such time

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The IASB amended IAS 1 to require entities to disclose their 1 January material rather than their significant accounting policies. The 2023 amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Definition of Accounting Estimates – Amendments to IAS 8

The amendment to IAS 8 Accounting Policies, Changes in 1 January Accounting Estimates and Errors clarifies how companies should 2023 distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The management is still in the process of evaluating the impact of these new amendments on the interim condensed consolidated financial statements of the group, and in its belief that there will be no material impact on the interim condensed consolidated financial statements when applied.

There are no other related standards or amendments to published standards that are not effective that are expected to have a material impact on the Group in current or future reporting periods, and on expected future transactions.

(3) CAPITAL RISK MANAGEMENT

3.1 Capital risk factors

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

3.2 Market risk

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

a. Foreign exchange risk

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

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

b. Interest rate risk

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

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

| Currency | Increase in interest rate % | Effect on loss for the year JD |
|---------------------------------|-----------------------------------|--------------------------------------|
| 30 June 2023 (Unaudited) | | |
| JD | 1 | (161,663) |
| 30 June 2022 (Unaudited) | | |
| JD | 1 | (189,745) |

The financial impact of decreases in interest by the same percentages is expected to be equal and opposite to the effect shown above.

c. Risks of changing stock prices

The change in the prices of shares traded in securities as at the date of the financial statements by 5% increase or 5% decrease has the following effect on the results of the company:

| | Change in price | 30 June 2023 JD (Unaudited) | 31 December 2022 JD (Audited) |
|---------------------------|-----------------|-----------------------------------|-------------------------------------|
| Impact on profit and loss | 5% | 176,386 | 89,330 |

In the event of an adverse change in the indicator, the effect is expected to be equal and opposite to the effect shown above.

3.3 Liquidity risk

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

3.4 Credit risk

Financial assets that are subject to credit risks are limited to cash and cash equivalents, trade and some other receivables. The Group only deals with financial institutions that have acceptable credit ratings. The Group has a policy to limit the value at risk of credit to a single financial institution.

The following table shows the balances with banks and their credit ratings:

| | Rating | 30 June 2023 JD (Unaudited) | 31 December 2022 JD (Audited) |
|--------------------|--------|-----------------------------------|-------------------------------------|
| Jordan Kuwait Bank | B+ | 3,387,824 | 5,679,962 |
| Invest Bank | BB+ | 2,240,372 | 2,867,197 |
| Etihad Bank | BB- | 5,942 | 10,045 |
| Housing Bank | B1 | 4,881 | - |
| Capital Bank | B+ | 494 | - |
| Ahli Bank | B+ | - | 1,21,125 |
| | | <u>5,639,513</u> | <u>9,578,329</u> |

(4) PROPERTY AND EQUIPMENT

During the six months ending on 30 June 2023, the group has developed projects under construction. This item represents the cost of the company's main building renovation project at an amount of JD 464,167. This project is expected to be completed on 1 July 2023.

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(5) SEIZED ASSETS

Below is a summary movement in real estate that has been seized by the company against outstanding debts.

| | 30 June 2023 JD (Unaudited) | 31 December 2022 JD (Audited) |
|----------------------------------|--------------------------------------|--|
| Cost | | |
| Beginning Balance | 4,057,768 | 3,394,086 |
| Result from the acquisition | - | 717,265 |
| Impairment loss | - | (53,583) |
| Ending Balance as at 31 December | <u>4,057,768</u> | <u>4,057,768</u> |

The Board of Directors at their meeting held on 1 December 2019, decided to acquire a property against debts, the Group had evaluated this property by several real estate appraisers. The latest re-evaluation of the property was on 14 June 2022 where the fair value of these properties amounted JD 4,057,768.

(6) DEPOSITS OF SETTLEMENT GUARANTEE FUND

This amount represents total amounts deposited by the group to the Securities Depository Center this amount is determined according to the volume of trading in the stock exchange market.

| | 30 June 2023 JD (Unaudited) | 31 December 2022 JD (Audited) |
|---|--------------------------------------|--|
| Deposits of settlement guarantee fund – United Financial Investment Company | 98,000 | - |
| Deposits of settlement guarantee fund- Arab Financial Investment Company | 25,000 | - |
| Deposits of settlement guarantee fund – Mawared Financial Brokerage Company | 63,000 | 50,000 |
| | <u>186,000</u> | <u>50,000</u> |

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

| | 30 June 2023 JD (Unaudited) | 31 December 2022 JD (Audited) |
|--|--------------------------------------|--|
| Shares listed on Amman Stock Exchange | 5,186,142 | 3,214,942 |
| Change in fair value during the period/ year | <u>(1,658,416)</u> | <u>(1,428,339)</u> |
| | <u>3,527,726</u> | <u>1,786,603</u> |

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(8) RECEIVABLES FROM FINANCIAL BROKERAGE CUSTOMERS – NET

| | 30 June 2023 | 31 December 2022 |
|---|-------------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Receivables from financial brokerage customers | 1,063,447 | 962,103 |
| Receivables from margin trading customers | 15,235,765 | 3,597,277 |
| Additions during the year as a result of the acquisitions | - | 179,985 |
| Margin | - | 11,049,732 |
| Receivables - Specialized Managerial Company for Investment and Financial Consulting | 67,650 | 68,150 |
| | <u>16,366,862</u> | <u>15,857,247</u> |
| Expected credit loss provision for financial brokerage customers and margin trading | (3,163,730) | (3,076,624) |
| Interest in suspense | (41,484) | (31,713) |
| | <u>13,161,648</u> | <u>12,748,910</u> |

- * The Group grants facilities to clients with a maximum of 50% initial margin of the amount deposited cash by the client in margin account or the market value for deposited securities in the finance on special margin account or any other percentage determined by the Securities Depository Center from time to time.

The customer consents that the maintenance margin is not less than 30% of the value of the client's margin account, or any other percentage determined by the Securities Depository Center whichever is higher and an interest rate limited to a maximum of 12.75% and with the guarantee of the funded investments, and it is monitored periodically.

United Financial Investment Company:

| | 30 June 2023 | 31 December 2022 |
|--|-----------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Total market value of the portfolios | 4,695,000 | 4,667,977 |
| Total funded by the company | 3,146,245 | 2,819,297 |
| Total financed by customers (security margin) | 2,261,385 | 1,921,811 |
| The percentage of amounts funded by customers to the total market value of the portfolios | <u>%48</u> | <u>%41</u> |

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Mawared Financial Brokerage Company:

| | 30 June 2023 | 31 December 2022 |
|---|-----------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Total market value of the portfolios | 11,936,413 | 11,274,889 |
| Total funded by the company | 8,490,712 | 8,359,367 |
| Total financed by customers (security margin) | 3,445,702 | 2,915,522 |
| The percentage of amounts funded by customers to the total market value of the portfolios | %29 | %26 |

Arab Financial Investment Company:

| | 30 June 2023 | 31 December 2022 |
|---|-----------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Total market value of the portfolios | 11,778,940 | 12,409,047 |
| Total funded by the company | 2,820,827 | 2,661,471 |
| Total financed by customers (security margin) | 9,669,470 | 9,747,576 |
| The percentage of amounts funded by customers to the total market value of the portfolios | %82 | %78 |

The Group has a policy of obtaining adequate guarantees from customers where appropriate, to reduce the risk of financial losses resulting from failure to fulfill the obligations. The company takes a provision against receivables that may not be collected in accordance with the International Financial Reporting Standards.

The following table shows the maturity of due accounts receivable:

| | 30 June 2023 | 31 December 2022 |
|---|-----------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Financial brokerage customers | | |
| 1 day - 7 days | 27,604 | 207,220 |
| 8 days - 30 days | 215,968 | 25,724 |
| 31 days - 60 days | 16,236 | 7,149 |
| 61 days - 90 days | - | 60,161 |
| 91 days - 120 days | - | - |
| Over 120 days | 871,289 | 909,984 |
| | 1,131,097 | 1,210,238 |
| Margin trading customers – United financial investment company. | 15,235,765 | 3,597,277 |
| Result of the acquisition | - | 11,049,732 |
| | 16,366,862 | 15,857,247 |

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

| | 30 June 2023 | 31 December 2022 |
|--|------------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Balance at 1 January | 3,076,624 | 1,516,625 |
| Provision provided during the period/year | 87,106 | 292,409 |
| Acquisition of Arab Financial Investment Company | - | 854,621 |
| Acquisition of Mawared Financial Brokerage Company | - | 412,969 |
| Balance at the end of the period/year | <u>3,163,730</u> | <u>3,076,624</u> |

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

| | 30 June 2023 | 31 December 2022 |
|--|-----------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Beginning balance for the period / year | 31,713 | 166,561 |
| Additions during the period / year | 9,771 | 9,585 |
| Interest transferred to revenue during the period/year | - | (137,639) |
| Write-offs | - | (6,794) |
| Balance at the end of the period/year | <u>41,484</u> | <u>31,713</u> |

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

| | 30 June 2023 | 31 December 2022 |
|---------|------------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Stage 1 | 44,968 | 34,191 |
| Stage 2 | 28,137 | 22,100 |
| Stage 3 | 3,090,625 | 3,020,333 |
| Total | <u>3,163,730</u> | <u>3,076,624</u> |

| Item | Stage 1 JD | Stage 2 JD | Stage 3 JD | Total JD |
|--|---------------|---------------|------------------|------------------|
| Beginning balance | 34,191 | 22,100 | 3,020,333 | 3,076,624 |
| Provision provided during the period | 4,490 | 14,869 | 185,262 | 204,621 |
| Reversals from expected credit loss during the period / year | (42,193) | (25,883) | (49,439) | (117,515) |
| Transferred from stage 1 | 48,771 | (7,877) | (40,894) | - |
| Transferred from stage 2 | (290) | 24,926 | (24,636) | - |
| Ending Balance | <u>44,969</u> | <u>28,135</u> | <u>3,090,626</u> | <u>3,163,730</u> |

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Movement on facilities is in accordance with IFRS (9) related to financial brokerage clients and the Purchased or Originated Credit Impaired – POCI:

| Item | Stage 1 | Stage 2 | Stage 3 | Purchased or Originated Credit Impaired – POCI | Total |
|----------------------------|-------------------|------------------|------------------|---|-------------------|
| | JD | JD | JD | JD | JD |
| Beginning balance | 8,429,807 | 3,846,971 | 617,064 | 1,519,920 | 14,413,762 |
| Additions | 3,974,930 | 549,857 | 1,947,229 | - | 6,472,016 |
| Write-offs | (656,181) | (2,315,751) | (99,476) | (1,519,920) | (4,591,328) |
| Balance as of 30 June 2023 | <u>11,748,556</u> | <u>2,081,077</u> | <u>2,464,817</u> | <u>-</u> | <u>16,294,450</u> |

| Item | Stage 1 | Stage 2 | Stage 3 | Purchased or Originated Credit Impaired – POCI | Total |
|--|------------------|------------------|----------------|---|-------------------|
| Beginning balance | 9,722 | 1,555,532 | 1,671,364 | - | 3,236,618 |
| Additions | 275,329 | 2,868,763 | - | - | 3,144,092 |
| Write-offs | (85,753) | (577,324) | (1,054,300) | - | (1,717,377) |
| Additions during the period resulting from the acquisitions made | <u>8,230,509</u> | <u>-</u> | <u>-</u> | <u>1,519,920</u> | <u>9,750,429</u> |
| Balance as of 31 December 2022 | <u>8,429,807</u> | <u>3,846,971</u> | <u>617,064</u> | <u>1,519,920</u> | <u>14,413,762</u> |

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(9) CASH ON HAND AND AT BANKS

| | 30 June 2023 | 31 December 2022 |
|--|------------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Cash on hand | 2,180 | 5,908 |
| Cash at banks | 5,639,513 | 9,578,329 |
| Less: provision for expected credit loss | (52,223) | |
| | <u>5,589,470</u> | <u>9,584,237</u> |

For the purposes of preparing cash flow statement, cash and cash equivalents represent the following:

| | 30 June 2023 | 31 December 2022 |
|-----------------|------------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Cash on hand | 2,180 | 5,908 |
| Cash at banks | 5,639,513 | 9,578,329 |
| Bank overdrafts | - | (2,001,184) |
| | <u>5,641,693</u> | <u>7,583,053</u> |

(10) SHAREHOLDERS' EQUITY

AUTHORISED AND PAID IN CAPITAL

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

The Company in it's Board of Directors meeting held on the 24 July 2022 has increased the Company's paid in capital with two million shares through non public initial offerings with 1 JD par value of each share or 90% of the latest closing price for the Company's shares on the date of the Board approval on the increase whichever is higher so that the Company's capital amounts to 10,000,000 JD.

The Company is 78.4% owned by Jordan Kuwait Bank and the ultimate parent is Al-Rawabi United

STATUTORY RESERVE

In accordance with the requirements of the Jordanian Companies Law and the Bylaws, the Company shall deduct 10% of the annual net profits and transfer them to the statutory reserve. This deduction shall continue for each year, provided that the balance of the compulsory reserve shall not exceed 25% of the Company's capital. For the purposes of this Act, net profit represents profit before deduction of income tax provision. This reserve is not available for distribution to shareholders. A statutory reserve has not been deducted during the period ended 30 June 2023 and will be deducted at the end of the annual year.

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(11) INCOME TAX

The movement in the income tax provision during the year was as follows:

| | 30 June 2023 | 31 December 2022 |
|---|-----------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Balance as of January 1 | 275,137 | 300,837 |
| Income tax paid | (232,216) | (269,033) |
| Income tax deposits | (10,876) | (4,786) |
| Income tax expense for the period/year | 139,736 | 248,119 |
| Balance at the end of the period / year | 171,781 | 275,137 |

Income tax provision for the period ended 30 June 2023 and 31 December 2022 has been calculated in accordance with the Income tax law No. (38) for the year 2018. United Financial Investments and the Arab Financial Investment Company are subject to income tax rate of 28% while Specialized Managerial Company for financial consultancy is subject to 21% income tax rate.

- United Financial Investment Company has obtained a final settlement with the Income and Sales Tax Department until the end of 2021.
- Mawared Financial Brokerage Company has submitted the tax return for the years 2021 and 2022 on the legally specified date and the company's accounts have not yet been audited by the Income and Sales Tax Department.
- Specialized Managerial Company for Financial Consultancy has obtained clearance from the income and sales tax departments for the years from 2017 to 2019, while 2018, 2020 and 2021 are still under tax audit.
- Arab Financial Investment Company has obtained clearance from the income and sales tax departments until the 2018 and has submitted the tax return for the years 2019, 2020, 2021 and 2022 on the legally specified date and the company's accounts have not yet been audited by the Income and Sales Tax Department.

The movement on deferred tax assets is as follows:

| | 30 June 2023 | 31 December 2022 |
|--|-----------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Beginning balance | 957,467 | 1,025,409 |
| Result of the acquisition- Mawared Financial Brokerage Company | - | 119,817 |
| Additions during the period | 32,528 | 387,039 |
| Released during the period/year | (18,550) | (574,798) |
| Ending balance | 971,445 | 957,467 |

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

| | 30 June 2023 | 31 December 2022 |
|---|-----------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Deferred tax assets | (28,186) | (794,128) |
| Reversal of deferred tax assets - Specialized Managerial Company for Financial Consultancy | 14,207 | - |
| Income tax expense on results for the period/year | 139,736 | 132,328 |
| Income tax expense | 125,757 | (661,800) |

(12) OTHER EXPENSES

| | 30 June 2023 | 30 June 2022 |
|---|-----------------|-----------------|
| | JD | JD |
| | (Unaudited) | (Unaudited) |
| Professional fees | 47,516 | 65,282 |
| Board of directors' transportation and meetings | 42,000 | 38,500 |
| Research, studies, and evaluations | 34,000 | - |
| Short-term rent expense | 27,660 | - |
| Brokerage fees and licenses | 26,818 | 12,012 |
| Subscription fees | 18,690 | 15,040 |
| Maintenance expenses | 14,090 | 433 |
| Mail, telephone and internet | 11,290 | 1,937 |
| Water, electricity and heating | 7,394 | 534 |
| Advertising | 5,994 | 228 |
| Transportation allowance | 4,546 | - |
| Stationery | 3,222 | 1,083 |
| Hospitality expenses | 2,628 | 750 |
| Cleaning expenses | 1,980 | 556 |
| Penalties | 1,581 | 4,161 |
| Medical expenses | 1,056 | - |
| Vehicles expenses | 961 | 1,172 |
| Capital increase fees | 746 | 10,090 |
| Commission and guarantee stamps | 148 | 42,465 |
| Merger expenses | - | 28,617 |
| Bank charges and fees | - | 51,293 |
| Buildings fees | - | 11,020 |
| Insurance | - | 3,836 |
| Others | 16,367 | 11,620 |
| | 268,687 | 300,629 |

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(13) BASIC AND DILUTED EARNINGS PER SHARE

| | 30 June 2023 | 30 June 2022 |
|--|-------------------|-------------------|
| | JD (Unaudited) | JD (Unaudited) |
| Loss for the period | (567,895) | (221,670) |
| Weighted average number of shares for the period | 10,000,000 | 8,000,000 |
| | JD/ Share | JD/ Share |
| Loss per share | (0.057) | (0.028) |

The basic earnings per share of the company is equivalent to the diluted earnings per share as the group did not issue diluted financial instruments that could impact the earnings per share.

(14) LOANS AND BANK OVERDRAFT

The Group was granted short-term facilities from local banks with ceiling limits of JD 4,750,000, these facilities are granted to the Group from Capital Bank of Jordan, Housing Bank and Jordan Kuwait Bank and it's subject to interest rates in the local market. Annual Interest rate ranges between 4.5% , 7% and 11.25%. The utilized amount was zero as of 30 June 2023 (2022: 2,001,184)

Loans

The Group has signed multiple bank agreements - loans- with a number of local banks with ceilings amounting to JD 16,700,000. Annual Interest rate ranges between 5.13% , 8% and 9.25%.

Long term loans amounted to JD 12,121,250 (2022: 14,143,750). While short-term loans amounted to JD 4,045,000 as of 30 June 2023 (2022: JD 2,829,583).

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(15) FAIR VALUE HIERARCHY

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

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

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

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

| | Level 1 JD | Level 2 JD | Level 3 JD | Total JD |
|---|---------------|---------------|---------------|-------------|
| (Unaudited) 30 June 2023 | | | | |
| Financial assets at fair value through other comprehensive income | 3,527,726 | - | - | 3,527,726 |
| (Audited) 31 December 2022 | | | | |
| Financial assets at fair value through other comprehensive income | 1,786,603 | - | - | 1,786,603 |

(16) OTHER CREDIT BALANCES

| | 30 June 2023 JD (Unaudited) | 31 December 2022 JD (Audited) |
|------------------------------|--------------------------------------|--|
| Shareholders deposits | 679,147 | 1,086,760 |
| Trade settlement | 324,195 | - |
| Customer deposits | 311,688 | 18,339 |
| Accrued expenses | 38,690 | 48,574 |
| Employees bonuses | 24,807 | - |
| Post dated cheques | 9,447 | 63,031 |
| Social security payable | 5,528 | 5,552 |
| Employees income tax payable | 5,116 | 5,200 |
| Others | 14,043 | 248,738 |
| | <u>1,412,661</u> | <u>1,476,194</u> |

(17) RELATED PARTIES TRANSACTIONS AND BALANCES

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

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

The balances with related parties were as follows:

| | 30 June 2022 | 31 December 2022 |
|--|-----------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Due to related parties | | |
| Loan obtained from Ejara Leasing Company (Sister company) | 210,000 | 273,335 |
| Payable - Jordan Kuwait Bank (Parent Company) | - | 2,086 |
| Due from related parties | | |
| Current accounts at Jordan Kuwait Bank (Parent Company) | 3,387,824 | 5,679,962 |
| Senior executive management | 1,715 | - |

Transactions with related parties where as follows:

| | 30 June 2023 | 31 December 2022 |
|-------------------------------------|-----------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Revenues | | |
| Board Members | - | 57,864 |
| Jordan Kuwait Bank (Parent Company) | 7,480 | 4,611 |
| Senior executive management | 65 | - |
| | 7,545 | 62,475 |
| Expenses | | |
| Senior executive management | 85,000 | 85,000 |
| Board Members | 42,000 | 38,500 |
| Jordan Kuwait Bank (Parent Company) | - | 19,509 |
| | 127,000 | 143,009 |

The following is a summary of the benefits (salaries, bonuses and other benefits) for the group's senior executive management:

| | 30 June 2023 | 30 June 2022 |
|----------------------|-----------------|-----------------|
| | JD | JD |
| | (Unaudited) | (Unaudited) |
| Salaries and bonuses | 85,000 | 85,000 |

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(18) OTHER INCOME

| | 30 June 2023 JD (Unaudited) | 30 June 2022 JD (Unaudited) |
|--------------------|--------------------------------------|--------------------------------------|
| Dividends received | 115,402 | - |
| Bond issuance fees | 85,000 | - |
| Rent revenues | 52,260 | 52,260 |
| Others | 43,419 | 1,473 |
| | <u>296,081</u> | <u>53,733</u> |

(19) CONTINGENT LIABILITIES

On the date of the statement of financial position, the company had obligations that could arise, represented in bank guarantees issued through Capital Bank of Jordan and the securities depository center, amounting to JD 2,669,000 as of 30 June 2023 (31 December 2022: JD 2,870,000).

Legal cases:

According to the opinion of the Groups' management and legal advisor there is no outstanding material lawsuits that requires a provision to be recorded against it.

(20) SUBSIDIARIES ACQUISITION

During the year 2022, two financial brokerage firms were acquired by United Financial Investments Company:

a- Mawared Financial Brokerage Company

On 1 June 2022, the company has acquired all shares of Mawared Financial Brokerage Company for JD 4,798,992 from Invest Bank. Following is a summary of the subsidiary's financial information:

| | 30 June 2023 JD (Unaudited) | 31 December 2022 JD (Audited) |
|---|--------------------------------------|--|
| Total assets | 12,938,690 | 9,495,658 |
| Shareholders' equity | 5,437,781 | 5,196,523 |
| Total liabilities | 7,500,909 | 4,299,136 |
| Comprehensive (Loss) income for the year | <u>241,258</u> | <u>(312,318)</u> |

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PURCHASE PRICE ALLOCATION

Purchase price allocation study had been conducted by an independent party and it showed that the purchase price is approximately the fair value of the company.

b- Arab Financial Investment Company

On 20 December 2022, United for Financial Investment acquired Arab Financial Investment Company through acquiring all (4,800,000) shares of Arab Financial Investment Company for JD 7,700,000 in accordance with the company's laws No (22-B).

Following is a summary of subsidiary financial information:

| | 30 June 2023 JD (Unaudited) | 31 December 2022 JD (Audited) |
|-----------------------------------|--------------------------------------|--|
| Total assets | 9,490,630 | 10,060,958 |
| Shareholders' equity | 8,152,597 | 8,158,226 |
| Total liabilities | 1,338,033 | 1,902,732 |
| Comprehensive (Loss) for the year | (6,789) | 1,263,611 |

PURCHASE PRICE ALLOCATION

Purchase price allocation study had been conducted by an independent party, gain as a result of the acquisition of Arab Financial Investment Company amounting to JD 458,225 was mainly due to margin and cash receivables and has been recorded in the income statement for the year.

The following is a comparison of the fair value for the net assets of the Company and the paid purchase price:

| | 2022 JD |
|---|------------|
| Net assets book value | 6,900,170 |
| Margin accounts and accounts receivables provision no longer needed | 1,557,451 |
| Additional provision against the impairment in the fair value of properties | (299,396) |
| Net assets fair value | 8,158,225 |
| Acquisition purchase price | 7,700,000 |
| Gain from the acquisition | 458,225 |