**JORDAN TRADE FACILITIES COMPANY**
**(PUBLIC SHAREHOLDING LIMITED COMPANY)**

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

**30 JUNE 2023**

JORDAN TRADE FACILITIES COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

30 JUNE 2023

**REVIEW REPORT ON THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**
**TO THE CHAIRMAN AND THE MEMBERS OF THE BOARD OF DIRECTORS OF**
**JORDAN TRADE FACILITIES COMPANY**
**(PUBLIC SHAREHOLDING LIMITED COMPANY)**

## Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of Jordan Trade Facilities Company - Public Shareholding Limited Company (the "Company") and its subsidiaries (together the "Group") as at 30 June 2023, and the consolidated condensed interim statement of comprehensive income for the three and six months period ended 30 June 2023, the consolidated condensed interim statement of changes in shareholders' equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these consolidated condensed interim financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" as amended by the Central Bank of Jordan instructions. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for the 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 consolidated condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) (Interim Financial Reporting) as amended by the Central Bank of Jordan instructions.

For and on behalf of PricewaterhouseCoopers "Jordan"

Omar Jamal Katanzi
License No. (1015)

Amman - Jordan
27 July 2023

Certified Public Accountants
pwc
Amman - Jordan

PricewaterhouseCoopers "Jordan",3rd Circle, Jabal Amman – 14 Hazza' Al Majali Street, P.O. Box 5175, Amman 11183, Jordan
T: +(962) 6 500 1300, F: +(962) 6 4610880, www.pwc.com

JORDAN TRADE FACILITIES COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

| | Note | 30 June 2023 | 31 December 2022 |
|---|---|---|---|
| | | JD (Unaudited) | JD (Unaudited) |
| **Assets** | | | |
| Cash on hand and at banks | 4 | 2,186,744 | 2,288,464 |
| Financial assets at fair value through other comprehensive income | 5 | 213,420 | 214,158 |
| Financial assets at amortised cost | 6 | 97,051,264 | 86,872,357 |
| Other debit balances | | 355,908 | 296,241 |
| Investment properties, net | 7 | 339,300 | 351,000 |
| Assets foreclosed against defaulted loans | | 2,668,830 | 2,692,228 |
| Property and equipment, net | | 73,582 | 86,649 |
| Intangible assets | | 49,967 | 49,745 |
| Right of use of assets | | 397,756 | 277,411 |
| Deferred tax assets | | 3,398,129 | 3,091,718 |
| **Total assets** | | **106,734,900** | **96,219,971** |
| | | | |
| **Liabilities and shareholders' equity** | | | |
| | | | |
| **Liabilities** | | | |
| Bank overdrafts | 8 | 5,515,916 | 4,905,297 |
| Bank loans | 9 | 48,171,356 | 40,916,622 |
| Bonds | 10 | 6,460,000 | 6,460,000 |
| Lease liabilities | | 383,164 | 274,155 |
| Other liabilities | | 848,429 | 782,057 |
| Other provisions | | 340,157 | 301,357 |
| Income tax provision | 11 | 1,426,980 | 1,759,204 |
| **Total liabilities** | | **63,146,002** | **55,398,692** |
| **Shareholders' equity** | | | |
| Authorised, subscribed and paid in capital | 13 | 16,500,000 | 16,500,000 |
| Statutory reserve | 13 | 4,125,000 | 4,125,000 |
| Financial assets valuation reserve | | 18,256 | 18,994 |
| Retained earnings | | 22,945,642 | 20,177,285 |
| **Total shareholders' equity** | | **43,588,898** | **40,821,279** |
| **Total liabilities and shareholders' equity** | | **106,734,900** | **96,219,971** |

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

**JORDAN TRADE FACILITIES COMPANY**
**(PUBLIC SHAREHOLDING LIMITED COMPANY)**
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**

| | Note | For the Three - Month Period ended 30 June (Reviewed not audited) | | For the Six - Month Period ended 30 June (Reviewed not audited) | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| | | JD | JD | | |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Revenues and commissions from commercial financing, Murabaha and finance leases | | 4,094,839 | 2,987,163 | 7,943,839 | 5,822,059 |
| Other revenues | | 44,908 | 4,558 | 49,366 | 37,492 |
| **Total revenues** | | **4,139,747** | **2,991,721** | **7,993,205** | **5,859,551** |
| Salaries, wages and employees' benefits | | (400,814) | (431,871) | (848,101) | (744,083) |
| Other expenses | | (194,423) | (199,292) | (387,622) | (376,017) |
| Other provisions | | (2,148) | (985) | (41,311) | (17,118) |
| Depreciation of investment properties | | (5,850) | (5,850) | (11,700) | (11,700) |
| Depreciation of right of use assets | | (24,754) | (21,244) | (47,738) | (42,488) |
| Depreciation of property and equipment | | (10,046) | (20,108) | (28,863) | (41,163) |
| Amortisation of intangible assets | | (5,338) | (6,826) | (10,778) | (14,032) |
| Provision of expected credit losses of financial assets at amortized cost | 7 | (304,418) | 415,763 | (635,988) | (101,610) |
| Finance expenses | | (1,082,585) | (609,603) | (2,103,490) | (1,126,837) |
| **Total expenses** | | **(2,030,376)** | **(880,016)** | **(4,115,591)** | **(2,475,048)** |
| **Profit for the period before income tax** | | **2,109,371** | **2,111,705** | **3,877,614** | **3,384,503** |
| Income tax expense | 12 | (606,939) | (594,405) | (1,109,257) | (973,661) |
| **Profit for the period** | | **1,502,432** | **1,517,300** | **2,768,357** | **2,410,842** |
| | | | | | |
| **Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods:** | | | | | |
| Net Change in fair value of financial assets at fair value through other comprehensive income | | (584) | (1,981) | (738) | (2,894) |
| **Total comprehensive income for the period** | | **1,501,848** | **1,515,319** | 2,767,619 | **2,407,948** |
| Basic and diluted earnings per share from profit of the period attributable to shareholders of the Company | 14 | **0.091** | **0.092** | **0.168** | **0.146** |

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

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
## FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

| | Authorised, subscribed and paid in capital | Statutory reserve | Financial assets valuation reserve | Retained earnings | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| **2023 (Unaudited)** | | | | | |
| **Balance as at 1 January 2023** | 16,500,000 | 4,125,000 | 18,994 | 20,177,285 | 40,821,279 |
| Profit for the period | - | - | - | 2,768,357 | 2,768,357 |
| Net Change in fair value of financial assets at fair value through other comprehensive income | - | - | (738) | - | (738) |
| Total comprehensive income for the period | - | - | (738) | 2,768,357 | 2,767,619 |
| **Balance as at June 30 2023** | **16,500,000** | **4,125,000** | **18,256** | **22,945,642** | **43,588,898** |
| **2022 (Unaudited)** | | | | | |
| **Balance as at 1 January 2022** | 16,500,000 | 4,125,000 | 16,773 | 16,176,933 | 36,818,706 |
| Profit for the period | - | - | - | 2,410,842 | 2,410,842 |
| Net Change in fair value of financial assets at fair value through other comprehensive income | - | - | (2,894) | - | (2,894) |
| Total comprehensive income for the period | - | - | (2,894) | 2,410,842 | 2,407,948 |
| **Balance as at June 30 2022** | **16,500,000** | **4,125,000** | **13,879** | **18,587,775** | **39,226,654** |

* Use of the credit balance of the valuation reserve of financial assets through other comprehensive income is restricted in accordance with the instructions of the Central Bank of Jordan and Jordan Securities Commission.

** The retained earnings include an amount of JD 3,392,129 as of June 30, 2023 (December 31, 2022: 3,091,718 JD) restricted against deferred tax assets in accordance with the instructions of the Central Bank of Jordan and Jordan Securities Commission.

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

JORDAN TRADE FACILITIES COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

| | Note | 30 June 2023 JD (Unaudited) | 30 June 2022 JD (Unaudited) |
|---|---|---|---|
| **Operating activities** | | | |
| Profit for the period before tax | | 3,877,614 | 3,384,503 |
| **Adjustments for:** | | | |
| Depreciation of investment properties | 7 | 11,700 | 11,700 |
| Depreciation of right of use assets | | 47,738 | 42,488 |
| Depreciation of property and equipment | | 28,863 | 41,163 |
| Amortisation of intangible assets | | 10,778 | 14,032 |
| Loss on sale of property and equipment | | (636) | 5,599 |
| Gain from sale of assets foreclosed against defaulted loans | | (4,718) | (17,613) |
| Expected credit losses provision of financial assets at amortised cost | 6 | 635,988 | 101,610 |
| Other provisions | | 41,311 | 17,118 |
| Finance costs | | 2,103,490 | 1,126,837 |
| **Changes in working capital** | | | |
| Financial assets at amortized cost | | (10,859,714) | (3,929,455) |
| Other debit balances | | (59,667) | (133,689) |
| Other liabilities | | 161,355 | 194,895 |
| **Net cash flows used in operating activities before income tax and provision paid** | | **(4,005,898)** | **859,188** |
| Income tax paid | 11 | (1,747,893) | (1,513,460) |
| Finance expenses paid | | (2,511) | (7,656) |
| **Net cash flows used in operating activities** | | **(5,756,302)** | **(661,928)** |
| **Investing activities:** | | | |
| Purchases of property and equipment | | (15,812) | (16,983) |
| Purchases of intangible assets | | 652 | 2,349 |
| Proceeds from sale of property and equipment | | (11,000) | (3,009) |
| Proceeds from sale of assets foreclosed in repayment of non-performing debts | | 72,934 | 289,100 |
| **Net cash flows generated from investing activities** | | **46,774** | **271,457** |
| **Financing activities:** | | | |
| Banks overdrafts | | (35,953,622) | 3,604,127 |
| Bank Loans | | 43,818,975 | (578,960) |
| Paid from operating lease obligations | | (74,298) | (65,135) |
| Paid finance expenses | | (2,183,247) | (1,107,442) |
| **Net cash flows generated from financing activities** | | **5,607,808** | **1,852,590** |
| **Net change in cash and cash equivalents** | | (101,720) | 1,462,119 |
| Cash and cash equivalents at the beginning of the period | | 2,288,464 | 317,063 |
| **Cash and cash equivalents at the end of the period** | 4 | **2,186,744** | **1,779,182** |

| | | | |
|---|---|---|---|
| **Non-cash transactions** | | | |
| Additions to right of use assets / lease liabilities | | (168,083) | - |
| Transferred from financial assets at amortised cost to assets foreclosed against defaulted loans | | (44,819) | (80,122) |

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

## (1) GENERAL INFORMATION

Jordan Trade Facilities Company was incorporated on 13 March 1983 as a public shareholding limited company under No. (179) with a share capital of JD 16,500,000 divided into 16,500,000 shares with a nominal value of one JD for each share.

The main objectives of the Company are:

-Carrying out financial leasing activities
-Real estate financing
-Granting loans and direct financing for consumer goods
-Project financing
-Finance leasing by Murabaha method in accordance with the provisions of Islamic Sharia
-Financing family tourism trips
-Vehicle financing
-Obtaining guarantees and bank credits

The Group's shares are listed on the Amman Stock Exchange.

The Group's head office is located in Amman - the Hashemite Kingdom of Jordan, and its address is in Shmeisani.

The Company is 97.8% owned by Tamkeen Leasing Company (the parent company) and the ultimate parent company is Invest Bank - Public Shareholding Company whose shares are listed on the Amman Stock Exchange. The Company's financials statements are consolidated with the Ultimate Parent Company's consolidated financial statements.

The accompanying consolidated condensed interim financial statements were approved by the board of directors on 18 July 2023.

## (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied by the Group in the preparation of these consolidated financial statements are set out below. These policies have are consistently applied to all the years presented, unless otherwise stated.

### 2-1 Basis of Preparation

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

1. Some items are classified and presented in the consolidated statement of financial position, consolidated statement of income and the consolidated statement of cash flows and the related disclosure, such as credit facilities, interest in suspense, expected credit losses, Assets foreclosed against defaulted loans, fair value levels, segments classification and disclosures related to risks and others, in accordance with the requirements of the Central Bank of Jordan, its instructions and circulated guidance which might not include all the requirements of IFRS such as IFRS 7, 9 and 13.

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

a) Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit loss.

b) When calculating credit losses against credit exposures, the calculation results are compared according to IFRS (9) under the instructions of the Central Bank of Jordan No. (2009/47) of 10 December 2009 for each stage separately and the stricter results are booked.

According to the instructions of the Central Bank of Jordan No. (47/2009) issued on 10 December 2009 regarding the classification of credit facilities and the calculation of the impairment provisions, credit facilities were classified into the following categories:

**Low risk credit facilities, which do not require any provisions:**

These are credit facilities that have any of the following characteristics:

1. Facilities granted and guaranteed by the Jordanian government, as well as to the governments of countries in which Jordanian banks have branches, provided that these facilities are granted in the same currency of the host country.
2. Cash Guaranteed by (100%) of the outstanding balance at any time.
3. Facilities guaranteed with an acceptable bank guarantee at (100%).

**Acceptable risk credit facilities, which do not require provision:**

These are credit facilities that have any of 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.

**Credit facilities listed under the watch-list (requiring special attention) which impairment allowances for are calculated within a range of (1.5% - 15%):**

These are credit facilities that have any of the following characteristics:

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

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

**Non-performing credit facilities:**

The credit facilities that have any of the following characteristics:

1. The maturity of the credit facilities or of one of its instalments, irregularity of repaying of principal and/or interest of credit facilities and / or dormant overdraft have been past due for the following years:

| Classification | Number of past due days | The percentage of the provision for the first year |
|---|---|---|
| Sub-standard credit facilities | (90) – (179) days | 25% |
| Doubtful credit facilities | (180) – (359) days | 50% |
| Bad debt/loss credit facilities | (360) days and more | 100% |

2. Overdraft facilities exceeding approved limits by (10%) or more for a year of (90) days or more.
3. Credit facilities which have matured and become invalid for a year 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 that were restructured three times within a year.
6. Overdrawn current and on demand accounts for a year of (90) days or more
7. The value of guarantees paid on behalf of the clients and were not credited to their accounts with past due of (90) days or more.

The expected credit losses provision against credit facilities is calculated in accordance with the 2009/47 instructions for this category of facilities according to the above ratios for the values not covered by guarantees during the first year, while the allocation of the covered amount is completed at 25% and over four years.

1. Interest and commissions are suspended on non-performing credit facilities and facilities classified within the third stage 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 Company operates, whichever is stricter.

2. Assets that have been reverted to the Company appear in the consolidated statement of financial position within assets foreclosed against defaulted loans at the amount of which they were reverted to the Company or the fair value, whichever is lower, 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. As of the beginning of 2015, a gradual provision was made for real estate acquired for more than 4 years against debts according to the Circular of the Central Bank of Jordan No. 4076/1/15 dated 27 March 2014 and No. 2510/1/10 dated 14 February 2017.

Noting that the Central Bank of Jordan issued Circular No. 13967/1/10 dated 25 October 2019, in which the Circular No. 16607/1/10 dated 17 December 2017 was approved for extension. The Central Bank of Jordan also confirmed postponing the calculation of the provision until the end of the year 2019. According to the Central Bank's Circular No. 16239/1/10 dated 21 November 2019, deduction of the required provisions against real estate acquired is made at the rate of (5%) of the total book values of these properties (regardless of the period of violation) as of the year 2021, so that the required percentage of 50% of these properties are reached by the end of 2030.

The Central Bank of Jordan, pursuant to Circular No. 10/3/16234 dated 10 October 2022, cancelled all previous circulars, which stipulate the deduction of provisions against seized assets that violates the banking law, while maintaining the provisions balances against real estate and to be released upon the disposal of such assets.

The consolidated condensed interim financial statements have been prepared under the historical cost except for the financial assets measured at fair value through other comprehensive income, which are presented at fair value as of the date of preparation of the consolidated condensed interim financial statements.

The consolidated financial statements are presented in Jordanian Dinars (JD), which represents the Group's financial and presentation currency.

The condensed consolidated interim financial statements do not include all the information and explanations required for the annual financial statements prepared in accordance with the international financial reporting standards, as amended in accordance with the instructions of the Central Bank of Jordan, and it must be read with the financial statements of the Group as of 31 December 2022, and the business results for the six months ending 30 June 2023 are not necessarily indicative of the expected results for the year ending 31 December 2023.

The preparation of the consolidated condensed interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in (note 3).

## 2.2 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** | 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:<br><br>• discounted probability-weighted cash flows<br>• an explicit risk adjustment, and<br>• a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.<br><br>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.<br><br>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.<br><br>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. | 1 January 2023 |

| | | |
|---|---|---|
| **Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2** | **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.<br><br>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. | 1 January 2023 |
| **Definition of Accounting Estimates – Amendments to IAS 8** | **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. | 1 January 2023 |
| **Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12** | **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.<br><br>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:<br><br>• right-of-use assets and lease liabilities, and<br>• decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.<br><br>The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.<br><br>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. | 1 January 2023 |

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

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

| Standard | Description | Effective date |
|---|---|---|
| **Non-current liabilities with covenants – Amendments to IAS 1** | 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:<br><br>• the carrying amount of the liability<br>• information about the covenants, and<br>• facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.<br><br>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. | 1 January 2024 |
| **Lease liability in sale and leaseback – amendments to IFRS 16** | 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. | 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 Consolidated Financial Statements and IAS 28 Investments in 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.<br><br>*** In December 2015, the IASB decided to defer the application date of this amendment until such time | 1 January 2024 |

The management are still in the process of assessing the above new IFRS and amendments .However, Management doesn't believe that the above standards will have any material impact on the consolidated condensed interim financial statements once adopted or become effective.

There are no other new standards or interpretations published that should be adopted by the Company for the annual periods starting on or after 1 January 2023 and which could have a material impact on the Group's consolidated condensed interim financial statements.

### 2-3 Basis of consolidation of consolidated condensed interim financial statements

The consolidated financial statements include the financial statements of the Company and the companies under its control (its subsidiaries), control is achieved when the Company:

- Has the ability to control the subsidiaries;
- exposed, or has right, to variable returns from its involvement with the subsidiaries;
- Has the ability to use its power to influence the returns of the subsidiaries.

The Company will re-estimate whether it controls the subsidiaries or not if the facts and circumstances indicate that there are changes on one or more of the control points referred to above.

In the event that the Company's voting rights fall below the majority of voting rights in any of the subsidiaries, it will have the power to control when voting rights are sufficient to give the Company the ability to unilaterally direct the related subsidiary activities. The Company takes into account all facts and circumstances when estimating whether the Company has voting rights in the investee that are sufficient to give it the ability to control or not. These facts and circumstances include:

- The volume of voting rights the Company has in relation to the number and distribution of other voting rights;
- Potential voting rights held by the Company and any other voting rights holders or parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the Company has, or does not have, a current responsibility to direct the relevant activities at the time the required decisions are taken, including how to vote in meetings of previous general assembly's meetings.

The subsidiary is consolidated when the Company controls the subsidiary and is deconsolidated when the Company loses control of the subsidiary. Specifically, the results of operations of subsidiaries acquired or excluded during the year are included in the consolidated statement of comprehensive income from the date on which control is achieved until the date the control of the subsidiary is lost.

Profits and losses and each item of the comprehensive income are distributed to the owners in the entity and the non-controlling interest, the comprehensive income for the subsidiaries belonging to the owners in the entity and the non-controlling share is distributed even if this distribution will lead to a deficit in the balance of the non-controlling interest.

Adjustments are made to the financial statements of the subsidiaries, when required, to align their accounting policies with those used by the Company.

Non-controlling interests in the subsidiaries are determined separately from the Company's equity in these entities. The non-controlling interests of the shareholders currently present in the equity granted to their owners with a proportionate share of the net assets upon liquidation may be measured initially at fair value or by the proportionate share of non-controlling interests in the fair value of the identifiable net purchase amount of assets. The measurement is selected on an acquisition basis. Other non-controlling interests are initially measured at fair value. After acquisition, the carrying value of non-controlling interests is the value of these interests upon initial recognition, in addition to the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributable to the non-controlling interests even if that results in a deficit in the non-controlling interests' balance.

Changes in the Company's interest in subsidiaries that do not result in loss of control are accounted for as equity transactions. The present value of the Company's and non-controlling interests are adjusted to reflect changes in their relative shares in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Company loses control of a subsidiary, the profit or loss resulting from the disposal is calculated in the statement of profit or loss, with the difference between (1) the total fair value of the consideration received and the fair value of any remaining shares and (2) the present value of the assets (including goodwill), less the liabilities of the subsidiary and any non-controlling interests
All amounts previously recognised in the other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the assets or liabilities related to the subsidiary.

The fair value of the investment that is held in the previous subsidiary at the date of loss of control is considered to be the fair value upon initial recognition of subsequent accounting under IFRS (9) "Financial instruments" when this standard applies, or the cost of initial recognition of investment in an associate or a joint venture.

The Company has the following subsidiaries:

**30 June 2023:**

| Company Name | Authorized Capital | Paid-up Capital | Company's Ownership | Nature of Activity | Operation Country | Date of Acquisition |
|---|---|---|---|---|---|---|
| ***In Jordanian Dinar*** | | | | | | |
| Jordan Facilities for Leasing Company LLC | 2,000,000 | 2,000,000 | %100 | Finance Leasing | Amman | May 5th 2010 |

**31 December 2022:**

| Company Name | Authorized Capital | Paid-up Capital | Company's Ownership | Nature of Activity | Operation Country | Date of Acquisition |
|---|---|---|---|---|---|---|
| ***In Jordanian Dinar*** | | | | | | |
| Jordan Facilities for Leasing Company LLC | 2,000,000 | 2,000,000 | %100 | Finance Leasing | Amman | May 5th 2010 |

## (3) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated condensed interim financial statements and the application of accounting policies require the Company's management to make estimates and judgements that affect the amounts of assets and liabilities and disclosure of contingent liabilities. These estimates and judgments affect the revenues, expenses, provisions and reserve of valuation of financial assets at fair value. In particular, it requires the Company's management to issue critical judgements to estimate the amounts of future cash flows and their timing.

The mentioned estimates are necessarily based on multiple assumptions and factors involving varying degrees of judgment and uncertainty and that actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future. Judgements, estimates and assumptions are reviewed on an ongoing basis. The impact of change in estimates is recognised in the reporting period in which this change occurs if the revision affects only that period and the effect of the change in estimates is recognised in the reporting period in which this change occurs and in future reporting periods if the revision affects both current and future periods.

The Group's management believes that the estimates included in the consolidated condensed interim financial statements are reasonable and are detailed as follows:

- **Impairment of seized assets**

Impairment of seized assets is recognised based on most recent property valuation approved by accredited valuators for the purposes of calculating the impairment. The impairment provisions for seized assets is reviewed periodically.

- **Expected credit loss provisions**

The Group's management is required to use significant judgments and estimates to estimate future cash flows amounts and timings and estimate the risks of a significant increase in credit risk for financial assets after initial recognition and future measurement information for expected credit losses.

- **Leases**

Determining of lease term: In determining the lease term, the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or periods after the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee. Extension and termination of leases options: these are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are renewable by both the Group and the lessor.

Discounting of lease payments: Lease payments are discounted using the Group' incremental borrowing rate ("IBR"). Management applied judgements and estimates to determine the incremental borrowing rate at the start of the lease.

- **Assets and liabilities that are stated at cost**

Management reviews, on a regular basis, the assets and liabilities that are stated at cost to estimate impairments, if any. Impairment losses are recognised in the consolidated condensed interim statement of other comprehensive income for the period.

- **Income tax**

The financial year is charged with its own income tax expense in accordance with the laws and regulations, and accounting standards. Deferred tax assets and liabilities and required tax provision are accounted for.

- **Provision for legal cases**

A provision is made for any potential legal obligations based on the legal study prepared by the Group's legal advisor that identifies the potential risks that may occur in the future. Such study is reviewed periodically.

## (4) CASH ON HAND AND AT BANKS

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| | JD (Unaudited) | JD (Audited) |
| Cash on hand | 17,063 | 77,987 |
| Current accounts at banks | 2,169,681 | 2,210,477 |
| | 2,186,744 | 2,288,464 |

The Group has calculated the expected credit loss provision on bank balances and has not recorded it as the expected credit loss is immaterial.

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

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| | JD | JD |
| | (Unaudited) | (Audited) |
| **Outside the Kingdom** | | |
| Shares of un-listed companies | 213,420 | 214,158 |

The investment represents shares in Al-Soor Finance and Leasing Company (Limited Liability Company - Kuwait). The total number of shares owned is 500,000 shares representing 0.1% of the Company's paid up capital. The fair value has been calculated based on the percentage of the Company's contribution to the net assets according to the latest audited financial statements of the investee.

## (6) FINANCIAL ASSETS AT AMORTISED COST

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Instalment receivables (a) | 96,098,483 | 85,893,911 |
| Finance lease receivables (b) - net | 952,781 | 974,844 |
| Loans granted to clients – credit cards | - | 3,602 |
| | **97,051,264** | **86,872,357** |

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Due within less than one year | 42,776,613 | 37,437,585 |
| Due within more than one year and less than five years | 84,207,523 | 74,900,496 |
| Due within more than five years | 5,727,111 | 5,970,630 |
| | **132,711,247** | **118,308,711** |
| Provision for expected credit losses | (8,710,353) | (8,085,957) |
| Deferred financing income in instalments not due yet | (23,873,474) | (20,707,844) |
| Interest in suspense | (3,076,156) | (2,642,553) |
| **Net investment in instalment receivables** | **97,051,264** | **86,872,357** |

**(a)** Disclosure of movement on net installment receivable (installment receivables, finance lease receivables, and credit cards) less unearned revenues from facilities contracts:

| | 30 June 2023 (Unaudited) | | | | As of December 31, 2022 (Audited) |
|---|---|---|---|---|---|
| **Item** | **Stage One Individual Level** | **Stage Two Individual Level** | **Stage Three** | **Total** | **Total** |
| | JD | JD | JD | JD | JD |
| Gross balance as at beginning of the period/year | 79,201,963 | 7,808,102 | 10,590,802 | 97,600,867 | 79,655,994 |
| New facilities during the period/year | 20,985,557 | 1,465,047 | 477,750 | 22,928,354 | 41,243,644 |
| Paid facilities | (3,833,166) | (845,421) | (715,065) | (5,393,652) | (13,366,752) |
| Transfer to stage one | 934,609 | (879,319) | (55,290) | - | - |
| Transfer to stage two | (8,593,287) | 9,465,256 | (871,969) | - | - |
| Transfer to stage three | (2,470,262) | (2,438,483) | 4,908,745 | - | - |
| Changes resulting from adjustments | (5,833,155) | (405,742) | 4,745 | (6,234,152) | (8,588,118) |
| Written off balances | - | - | (63,644) | (63,644) | (1,343,901) |
| **Gross Balance as at Period/Year End** | **80,392,259** | **14,169,440** | **14,276,074** | **108,837,773** | **97,600,867** |

***(b)*** Disclosure of movement in the expected credit loss provision (installment receivables and finance lease receivables):

| | 30 June 2023 (Unaudited) | | | | As of December 31, 2022 (Audited) |
|---|---|---|---|---|---|
| **Item** | **Stage One Individual Level** | **Stage Two Individual Level** | **Stage Three** | **Total** | **Total** |
| | JD | JD | JD | JD | JD |
| Beginning balance | 556,505 | 372,186 | 7,157,266 | 8,085,957 | 6,447,554 |
| Impairment loss on the new balances during the period/year | 614,884 | 338,617 | 1,160,789 | 2,114,290 | 4,051,265 |
| Recovered from impairment loss on the paid balances | (76,803) | (177,753) | (1,204,839) | (1,459,395) | (1,092,069) |
| Transfer to stage one | 62,572 | (32,966) | (29,606) | - | - |
| Transfer to stage two | (63,240) | 446,646 | (383,406) | - | - |
| Transfer to stage three | (20,820) | (120,781) | 141,601 | - | - |
| Total impact on impairment loss due to classification change between stages | (485,888) | (302,268) | 788,156 | - | - |
| Changes from adjustments | (2,469) | (17,562) | 1,124 | (18,907) | (492,091) |
| Written off balances | - | - | (11,592) | (11,592) | (828,702) |
| **Gross Balance as at Period/Year End** | **584,741** | **506,119** | **7,619,493** | **8,710,353** | **8,085,957** |

**(a) Installment receivables**

Installment receivables represent the installments incurred by the Company's clients from commercial financing operations and Murabaha for cars and real estate, as these installments include the principal of the funds in addition to the deferred revenue amounts calculated on these installments.

The balances of installment receivables are as follows:

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| | JD (Unaudited) | JD (Audited) |
| Due within less than a year | 41,794,630 | 36,414,954 |
| Due within more than a year and less than five years | 83,636,742 | 74,376,183 |
| Due within more than five years | 5,686,097 | 5,922,933 |
| | **131,117,469** | **116,714,070** |
| Provision for expected credit losses | (8,435,914) | (7,819,312) |
| Deferred revenue from facilities contracts* | (23,646,339) | (20,492,031) |
| Interest in suspense | (2,936,733) | (2,508,816) |
| **Net investment in instalment receivables** | **96,098,483** | **85,893,911** |

*This item includes deferred revenues for each of the commercial financing operations, Murabaha operations, international Murabaha operations, and deferred sale receivables as of June 30, 2023 and December 31, 2022.

The distribution of installment receivables by industry is as follows:

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| | JD (Unaudited) | JD (Audited) |
| Real estates | 10,783,086 | 10,699,434 |
| Corporate | 17,994,745 | 18,771,152 |
| Loans and promissory notes | 102,339,638 | 87,243,484 |
| **Total Installment Receivables** | **131,117,469** | **116,714,070** |
| Provision for expected credit losses in facilities contracts | (8,435,914) | (7,819,312) |
| Deferred revenue from facilities contracts | (23,646,339) | (20,492,031) |
| Interest in suspense | (2,936,733) | (2,508,816) |
| **Net Investment in Installment Receivables** | **96,098,483** | **85,893,911** |

Installment receivables are distributed after deducting the deferred revenues from facilities contracts and adding the loans granted to clients - credit cards in an aggregate manner according to credit stages in accordance with the requirements of IFRS (9) as follows:

| | Stage One Individual Level | Stage Two Individual Level | Stage Three | Total |
|---|---|---|---|---|
| **June 30, 2023 (Unaudited)** | | | | |
| Gross balance as at beginning of the period | 78,395,579 | 7,672,327 | 10,157,735 | 96,225,641 |
| New facilities during the period | 20,628,251 | 1,464,162 | 467,363 | 22,559,776 |
| Paid facilities | (3,537,254) | (824,200) | (695,001) | (5,056,455) |
| Transfer to stage one | 903,822 | (848,532) | (55,290) | - |
| Transfer to stage two | (8,531,173) | 9,403,142 | (871,969) | - |
| Transfer to stage three | (2,409,735) | (2,421,805) | 4,831,540 | - |
| Changes from adjustments | (5,807,569) | (391,416) | 4,354 | (6,194,631) |
| Written off balances | - | - | (63,201) | (63,201) |
| **Gross Balance as at Period End** | **79,641,921** | **14,053,678** | **13,775,531** | **107,471,130** |

| | Stage One Individual Level | Stage Two Individual Level | Stage Three | Total |
|---|---|---|---|---|
| **December 31 , 2022 (Audited)** | | | | |
| Gross balance as at beginning of the year | 60,395,268 | 7,717,275 | 8,658,462 | 76,771,005 |
| New facilities during the year | 38,466,149 | 1,495,410 | 1,178,250 | 41,139,809 |
| Paid facilities | (9,137,615) | (2,129,372) | (696,390) | (11,963,377) |
| Transfer to stage one | 3,062,919 | (2,608,633) | (454,286) | - |
| Transfer to stage two | (4,465,141) | 4,757,772 | (292,631) | - |
| Transfer to stage three | (2,036,327) | (1,078,727) | 3,115,054 | - |
| Changes from adjustments | (7,889,674) | (481,398) | (9,685) | (8,380,757) |
| Written off balances | - | - | (1,341,039) | (1,341,039) |
| **Gross Balance as at Year End** | **78,395,579** | **7,672,327** | **10,157,735** | **96,225,641** |

Disclosure of movement of the provision of expected credit losses:

| | Stage One Individual Level | Stage Two Individual Level | Stage Three | Total |
|---|---|---|---|---|
| **June 30, 2023 (Unaudited)** | | | | |
| Beginning balance | 553,550 | 368,550 | 6,897,212 | 7,819,312 |
| Impairment loss on new balances during the period | 607,349 | 337,632 | 1,155,825 | 2,100,806 |
| Recovered from impairment loss on paid balances | (74,974) | (176,951) | (1,198,834) | (1,450,759) |
| Transfer to stage one | 62,342 | (32,736) | (29,606) | - |
| Transfer to stage two | (62,797) | 446,203 | (383,406) | - |
| Transfer to stage three | (20,695) | (119,058) | 139,753 | - |
| Total impact on impairment loss due to classification change between stages | (478,579) | (303,982) | 782,561 | - |
| Changes from adjustments | (2,639) | (19,415) | - | (22,054) |
| Written off balances | - | - | (11,391) | (11,391) |
| **Gross Balance as at Period End** | **583,557** | **500,243** | **7,352,114** | **8,435,914** |

| | Stage One Individual Level | Stage Two Individual Level | Stage Three | Total |
|---|---|---|---|---|
| **December 31 , 2022 (Audited)** | | | | |
| Beginning balance | 869,438 | 533,795 | 4,751,137 | 6,154,370 |
| Impairment loss on new balances during the year/additions | 1,484,554 | 788,301 | 1,762,929 | 4,035,784 |
| Recovered from impairment loss on paid balances | (164,658) | (322,139) | (575,760) | (1,062,557) |
| Transfer to stage one | 348,851 | (103,064) | (245,787) | - |
| Transfer to stage two | (74,810) | 203,253 | (128,443) | - |
| Transfer to stage three | (30,515) | (76,559) | 107,074 | - |
| Total impact on impairment loss due to classification change between stages | (1,498,952) | (555,595) | 2,054,547 | - |
| Changes from adjustments | (380,358) | (99,442) | - | (479,800) |
| Written off balances | - | - | (828,485) | (828,485) |
| **Gross Balance as at Year End** | **553,550** | **368,550** | **6,897,212** | **7,819,312** |

Based on the decisions of Company's Board of Directors, an amount of JD 11,391 was written-off during the period ended June 30, 2023 (2022: JD 828,485) from the provision of expected credit losses, and an amount of JD 51,810 was written-off from the interest in suspense during the period ended June 30, 2023 (2022: 512,554).

**(b)Finance lease contract receivables**

The following table shows the maturity periods of finance lease contracts receivables during the period/year before deducting the deferred revenue:

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| | JD (Unaudited) | JD (Audited) |
| Maturity within less than one year | 981,983 | 1,019,029 |
| Maturity within more than one year and less than five years | 570,781 | 524,313 |
| Maturity within more than five years | 41,014 | 47,697 |
| | **1,593,778** | **1,591,039** |
| Provision for expected credit losses | (274,439) | (266,645) |
| Deferred revenue from facilities contracts | (227,135) | (215,813) |
| Interest in suspense | (139,423) | (133,737) |
| | **952,781** | **974,844** |

The Company grants real estate finance leases to its customers through closed end leasing contract, with an average terms of 5 years. The distribution of finance lease contracts by industry receivables is as follows:

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| | JD (Unaudited) | JD (Audited) |
| Real-estate | 1,054,085 | 968,573 |
| Corporate | 249,428 | 236,013 |
| Loans | 290,265 | 386,453 |
| **Investment in finance lease contracts** | **1,593,778** | **1,591,039** |
| Provision for expected credit losses | (274,439) | (266,645) |
| Deferred revenue from facilities contracts | (227,135) | (215,813) |
| Interest in suspense | (139,423) | (133,737) |
| **Net Investment in Finance Lease Contracts** | **952,781** | **974,844** |

The finance lease contracts installments are disclosed in net after subtracting the deferred revenue in an aggregate manner according to the credit stages according to the requirements of IFRS (9) as follows:

| | Stage One Individual Level | Stage Two Individual Level | Stage Three | Total |
|---|---|---|---|---|
| **June 30, 2023 (Unaudited)** | | | | |
| Gross balance as at beginning of the period | 806,384 | 135,775 | 433,067 | 1,375,226 |
| New facilities during the period | 357,306 | 885 | 10,387 | 368,578 |
| Paid facilities | (295,912) | (21,221) | (20,064) | (337,197) |
| Transfer to stage one | 30,787 | (30,787) | - | - |
| Transfer to stage two | (62,114) | 62,114 | - | - |
| Transfer to stage three | (60,527) | (16,678) | 77,205 | - |
| Changes from adjustments | (25,586) | (14,326) | 391 | (39,521) |
| Written off balances | - | - | (443) | (443) |
| **Gross Balance as at Period End** | **750,338** | **115,762** | **500,543** | **1,366,643** |

| | Stage One Individual Level | Stage Two Individual Level | Stage Three | Total |
|---|---|---|---|---|
| **December 31 , 2022 (Audited)** | | | | |
| Gross balance as at beginning of the period | 2,142,041 | 234,920 | 508,028 | 2,884,989 |
| New facilities during the period | 66,148 | 17,202 | 20,485 | 103,835 |
| Paid facilities | (1,208,515) | (82,199) | (112,661) | (1,403,375) |
| Transfer to stage one | 45,330 | (43,979) | (1,351) | - |
| Transfer to stage two | (59,081) | 59,081 | - | - |
| Transfer to stage three | (14,632) | (16,225) | 30,857 | - |
| Changes from adjustments | (164,907) | (33,025) | (9,429) | (207,361) |
| Written off balances | - | - | (2,862) | (2,862) |
| **Gross Balance as at Period End** | **806,384** | **135,775** | **433,067** | **1,375,226** |

Disclosure of the movement of the provision of expected credit losses:

| | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| **June 30, 2023 (Unaudited)** | | | | |
| Beginning balance | 2,955 | 3,636 | 260,054 | 266,645 |
| Impairment loss on new balances during the period | 7,535 | 985 | 4,964 | 13,484 |
| Recovered from impairment loss on paid balances | (1,829) | (802) | (6,005) | (8,636) |
| Transfer to stage one | 230 | (230) | - | - |
| Transfer to stage two | (443) | 443 | - | - |
| Transfer to stage three | (125) | (1,723) | 1,848 | - |
| Total impact on impairment loss due to classification change between stages | (7,309) | 1,714 | 5,595 | - |
| Changes from adjustments | 170 | 1,853 | 1,124 | 3,147 |
| Written off balances | - | - | (201) | (201) |
| **Gross Balance as at Period End** | **1,184** | **5,876** | **267,379** | **274,439** |

| | Level | Level | Stage Three | Total |
|---|---|---|---|---|
| **December 31 , 2022 (Audited)** | | | | |
| Beginning balance | 14,881 | 12,145 | 266,158 | 293,184 |
| Impairment loss on new balances during the year | 4,281 | 3,031 | 8,169 | 15,481 |
| Recovered from impairment loss on paid balances | (5,607) | (5,062) | (18,843) | (29,512) |
| Transfer to stage one | 2,319 | (2,319) | - | - |
| Transfer to stage two | (1,643) | 1,643 | - | - |
| Transfer to stage three | (272) | (596) | 868 | - |
| Total impact on impairment loss due to classification change between stages | (5,137) | 55 | 5,082 | - |
| Changes from adjustments | (5,867) | (5,261) | (1,163) | (12,291) |
| Written off balance | - | - | (217) | (217) |
| **Gross Balance as at Year End** | **2,955** | **3,636** | **260,054** | **266,645** |

Based on the decisions of Company's Board of Directors, an amount of JD 200 was written-off during the period ended June 30, 2023 (2022: JD 217) from the provision of expected credit losses, and an amount of JD 242 was written-off from the interest in suspense during the period ended June 30, 2023 (2022: 2,645).

## (7) INVESTMENT PROPERTIES, NET

Investment properties are stated at cost less depreciation and impairment (if any). Depreciation for the period ending on June 30, 2023 amounted to 11,700 JD (2022: 11,700 JD).

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| | JD (Unaudited) | JD (Audited) |
| Buildings on lands* | 585,000 | 585,000 |
| Accumulated depreciation | (245,700) | (234,000) |
| | **339,300** | **351,000** |

*This item represents the allocation of 24 residential units of Al Majd residential project for the benefit of the Company, based on the agreement signed with the developer Tameer International Real Estate Company, noting that the Company acquired the apartments and issued ownership deeds in its name, The fair value of the real estate investments is estimated at JD 375,300 under the latest real estate valuation available to the Company dated June 14, 2022.

## (8) BANK OVERDRAFTS

The facilities granted by local banks and an international financial institution collateralised by reassurance books issued by Invest Bank (Ultimate parent company). The interest rate on the overdrafts ranges from 7.5%-9.25% as of June 30, 2023 (December 31. 2022: 7.25%-9%). The main objective of these facilities is to finance the Company's activities. All these facilities are due within one year.

## (9) BANK LOANS

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Bank loans due within one year | 23,946,270 | 19,518,351 |
| Bank loans due within more than a year | 24,225,086 | 21,398,271 |
| | **48,171,356** | **40,916,622** |

All the loans are granted in JD and USD and are granted by local banks and an international financial institutions in return for reassurance books issued by Invest Bank (Ultimate parent company). The interest rate on the above loans ranges from 5%-9% as of June 30, 2023 (December 31, 2022 7.25%-9%).

## (10) BONDS

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Bonds | 6,460,000 | 6,460,000 |
| | **6,460,000** | **6,460,000** |

During the year 2022, the Company issued Bonds with an amount of JD 5,280,000, with a nominal value of JD 10,000, for a single non-transferable bond for a period 365 days. The interest rate on bonds is 5.25%. The interest is due every six months on 26 May 2023 and 14 December 2023, while the full loan bonds are due on 14 December 2023.

## (11) INCOME TAX

Income tax provision was calculated for the period ended 30 June 2023 based on income tax law No. (38) for the year 2018. The Group is subject to income tax of 24% for 2023 (2022: 24%), in addition to a national contribution tax of 4%.

**(A) The movement on the income tax provision is as follows:**

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Balance as of 1 January | 1,759,204 | 1,526,777 |
| Income tax paid | (1,747,893) | (1,946,281) |
| Income tax expense related to profit for the period/year | 1,415,669 | 2,178,708 |
| **Balance as at the end of the period / year** | **1,426,980** | **1,759,204** |

**(B) The income tax expense presented in the statement of comprehensive income consists of:**

| | 30 June 2023 | 30 June 2022 |
|---|---|---|
| | JD (Unaudited) | JD (Unaudited) |
| Income tax expense on current period profit | 1,415,669 | 1,081,669 |
| Changes on deferred tax assets | (306,412) | (108,008) |
| | **1,109,257** | **973,661** |

**(C) Summary of reconciliation between accounting income and taxable income is as follows::**

| | 30 June 2023 | 30 June 2022 |
|---|---|---|
| | JD (Unaudited) | JD (Unaudited) |
| accounting profit | 3,877,614 | 3,384,503 |
| Non-deductible expenses | 1,178,348 | 476,477 |
| Taxable profit | 5,055,962 | 3,860,980 |
| Statutory tax rate | %28 | %28 |
| Effective tax rate | %37 | %32 |
| **Income tax expense for the period** | 1,415,669 | 1,081,669 |

**(D)Tax position**

**Jordan Trade Facilities Company (Parent Company)**

The company obtained a final clearance from the Income and Sales Tax Department until the end of the year 2014.

The tax returns were audited and the statement was amended with approval for the years 2015 and 2016.

The Company has submitted tax returns for the years 2019 to 2022 according to the rules and on the legally specified date. The Income Tax Department has not reviewed the company's accounting records up to the date of these consolidated condensed interim financial statements.

The Company submitted the general sales tax returns on the legally specified date, and the Income and Sales Tax Department audited the returns submitted for the end of 2016, noting that the returns submitted for the tax periods until the end of the year 2017 were considered acceptable according to the provisions of the law, and the tax returns related to the subsequent periods are submitted on time and according to the rules.

**Jordan Facilities for Leasing Company LLC (Subsidiary)**

The company obtained a final clearance from the Income and Sales Tax Department until the end of the year 2018.

The company has submitted tax returns for the years 2019 to 2022 according to the rules and on the legally specified date. The Income Tax Department has not reviewed the company's accounting records up to the date of these consolidated condensed interim financial statements

The company submitted the general sales tax returns on the legally specified date, and the Income and Sales Tax Department audited the returns submitted until the end of 2013, noting that the returns submitted for the tax periods from 2014 to 2017 are considered acceptable according to the provisions of the law, and the tax returns related to subsequent periods are submitted on time and according to the rules.

In the opinion of the company's management and the tax consultant, the group will not have any obligations that exceed the provision taken until June 30, 2023.

## (12) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties include employees and their relatives, executive management and their relatives and the parent company.

The balances and transactions with related parties that appear in the consolidated condensed interim statement of financial position and consolidated condensed interim statement of comprehensive income are as follows:

**12-1 Consolidated condensed interim Statement of Financial Position:**

| | Ultimate Parent Company | Employees and their Relatives and Executive Management and their Relatives | 30 June 2023 | 31 December 2022 |
|---|---|---|---|---|
| | JD | JD | JD (Unaudited) | JD (Audited) |
| Financial assets at amortised cost | - | 26,014 | 26,014 | 40,963 |
| Current accounts (cash at banks) | 81,179 | - | 81,179 | 2,051,092 |
| Loans | 672,059 | - | 672,059 | 898,919 |

**12-2 Consolidated condensed interim Statement of Comprehensive Income:**

| | Ultimate Parent Company | Sister Company | Employees and their Relatives and Executive Management and their Relatives | 30 June 2023 | 30 June 2022 |
|---|---|---|---|---|---|
| | JD | JD | JD | JD (Unaudited) | JD (Unaudited) |
| Installments revenue | - | - | 1,139 | 1,139 | 5,254 |
| Finance cost on borrowings | 17,824 | - | - | 17,824 | 66,311 |
| Deposit revenue | 25,890 | - | - | 25,890 | - |
| Operating lease contract – Venture Capital for Supply Chain Financing | - | 7,830 | - | 7,830 | 5,295 |
| Commissions on financial investments -Invest Bank | - | - | - | - | 8,158 |
| An operating lease contract – Invest Bank | 3,300 | - | - | 3,300 | 3,300 |

The balance of guarantees with the parent company as of June 30, 2023, is JD 2,500 (2022: JD 10,000).

**12-3 Executive Management Salaries and Remunerations**

Salaries and remuneration of the executive management of the Company amounted to JD 224,393 for the six-month period ended June 30, 2023 (30 June 2022: JD 204,005).

## (13) SHAREHOLDERS' EQUITY

**The authorised, subscribed and paid-up capital**

The authorised, subscribed and paid-up capital of the company is 16,500,000 JD, with a nominal value of one JD per share.

The company is 97.8% owned by Tamkeen Leasing Company (the parent company) and the ultimate parent company is Invest Bank - Public Shareholding Company.

**Statutory reserve**

The amounts accumulated in this account represent what has been transferred from the annual profits before tax at a rate of 10% in accordance with the Jordanian Companies Law. No reserve has been deducted because these financial statements are interim, as deduction takes place at the end of the year.

## (14) BASIC AND DILUTED EARNINGS PER SHARE FROM PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS

| | For the three-month period ended Jun 30th | |
|---|---|---|
| | 2023 | 2022 |
| | (Unaudited) | (Unaudited) |
| Profit for the period | 2,768,357 | 2,410,842 |
| | **Share** | **Share** |
| Weighted average number of outstanding shares | 16,500,000 | 16,500,000 |
| | **JD/Share** | **JD/Share** |
| Basic and diluted earnings per share from the profit for the period | **0.168** | **0.146** |

The basic earnings per share from the net profit for the period equals the diluted earnings per share as the Group did not issue any financial instruments that may have an impact on the basic earnings per share.

## (15) CONTINGENT LIABILITIES

At the date of the consolidated condensed interim financial statements, the Group had the following contingent liabilities:

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Bank Guarantees | **15,500** | **14,000** |

**Lawsuits against the company and its subsidiary**

**Jordan Trade Facilities Company (Parent company):**

The value of legal cases filed against the company amounted to 125,910 JD as at 30 June 2023 (31 December 2022: 79,090 JD), while the balance of provisions recorded against these cases amounted to 220,000 JD as at 30 June 2023 (31 December 2022: 220,000 JD) and in the opinion of the management and the legal counsel of the Company, the Company will not incur any additional obligations in respect of with these cases.

**Jordan Facilities for Leasing Company LLC (Subsidiary)**

The value of legal cases filed against the company amounted to 10,001 JD as at 30 June 2023 (31 December 2022: 10,601 JD), while the balance of provisions recorded against these cases amounted to 51,520 JD as at 30 June 2023 (31 December 2022: nil) and in the opinion of the management and the legal counsel of the Company, the Company will not incur any additional obligations in respect of with these cases.