UNITED FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF UNITED FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of United Financial Investments Company (Public Shareholding Company) (later on the "Company") and its subsidiaries (together "the Group") as at 31 December 2023 and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as amended by the Central Bank of Jordan instructions.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

__Overview__

Key Audit Matter	• Measurement of Expected Credit Losses

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the Group's structure, the accounting processes, controls and the industry in which The Group operates.

Key audit matter

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

Key audit matter	How our audit addressed the key audit matter
Measurement of Expected Credit Losses The Group applies the Expected Credit Loss model (ECL) on all its financial instruments measured at amortised cost and financial guarantee contracts including financing commitments in accordance with IFRS accounting standards number 9 “Financial instruments” as amended by the Central Bank of Jordan instructions. The Group exercises significant judgement and makes a number of assumptions in developing its ECL models, which includes probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default for both funded and unfunded exposures, forward looking adjustments and staging criteria.	We performed the following audit procedures on the computation of the ECL included in the Group’s consolidated financial statements for the year ended 31 December 2023: ➢ We tested the completeness and accuracy of the data used in the calculation of ECL. ➢ For a sample of exposures, we checked the appropriateness of the Group’s application of the staging criteria.

For defaulted exposures, the Group exercises judgements to estimate the expected future cash flows related to individual exposures, including the value of collateral. The Group's impairment policy under IFRS 9 as amended by the Central Bank of Jordan Instructions is presented in notes (2 and 4) to the consolidated financial statements, and which is related to the differences between IFRS 9 as should be implemented and what was implemented based on the Central Bank of Jordan instructions, and the material accounting policies implemented when calculating the expected credit loss. Measurement of ECL is considered as a key audit matter as the Group applies significant judgments and makes a number of assumptions in the staging criteria applied to the financial instruments as well as in developing ECL models for calculating its impairment provisions and the expected value of the corresponding collaterals.	➢ We involved our internal specialists to assess the following aspects: ● Conceptual framework used for eveloping the Group's impairment policy in the context of its compliance with the requirements of IFRS 9 as amended by the Central Bank of Jordan instructions. ● ECL modelling methodology and calculations used to compute the probability of default (PD), loss given default (LGD), and exposure at default (EAD) for the Group's classes of financial instruments. ● Reasonableness of the assumptions made in developing the modelling framework including assumptions used for estimating forward looking scenarios and significant increase in credit risk. ● Recalculation of the expected credit losses for a sample of the impaired financial assets at each stage. ➢ In addition, for the Stage 3 corporate portfolio, the appropriateness of provisioning assumptions were independently assessed for a sample of exposures selected on the basis of risk and the significance of individual exposures. An independent view was formed on the levels of provisions recognised, based on the detailed loan and counterparty information available in the credit file. For the Stage 3 retail portfolio, assumptions were independently assessed for each product category and an independent view was formed on the levels of provisions recognised at each category level. ➢ We recalculated the provision for non-performing loans in accordance with the Central Bank of Jordan Instructions Number (47/2009). ➢ We compared the expected credit loss calculated in accordance with IFRS 9 as amended by the Central Bank of Jordan Instructions with the provision for expected credit losses calculated in accordance with the instructions of the Central Bank of Jordan No. (47/2009) and ensured that the Group has recorded whichever is higher for each stage. ➢ We assessed the consolidated financial statements disclosures to ensure compliance with IFRS 7 and IFRS 9 as amended by the Central Bank of Jordan Instructions. We have also ensured completeness and accuracy of the disclosures by verifying the information to accounting records.

Other information

Management is responsible for the other information. The other information comprises all the other information included in the Group's annual report (but does not include the consolidated financial statements and the auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read other information (not yet received), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as amended by the Central Bank of Jordan instructions, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Group maintains proper accounting records which are consistent, in all material aspects, with the accompanying consolidated financial statements. We recommend the General Assembly to approve these consolidated financial statement.

For and on behalf of PricewaterhouseCoopers "Jordan"

Hazem Hanna Sababa
License No. (802)

Certified Public Accountants
pwc
Amman - Jordan

Amman – Jordan
20 March 2024

UNITED FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023	2022
		JD	JD
Assets			
Non-current assets			
Property and equipment	5	1,089,524	654,005
Intangible assets	6	76,547	1,560
Seized assets	7	4,057,768	4,057,768
Right-of-use assets		-	18,674
Financial assets at fair value through other comprehensive income	8	1,402,903	1,786,603
Deposits of settlement guarantee fund	26	100,000	50,000
Deferred tax assets	17	1,296,744	957,467
		8,023,486	7,526,077
Current assets			
Receivables from financial brokerage customers - net	9	16,314,940	12,748,910
Other debit balances	10	715,838	687,188
Cash on hand and at banks	11	4,189,786	9,584,237
		21,220,564	23,020,335
Total assets		29,244,050	30,546,412
Shareholders' equity and liabilities			
Shareholders' equity			
Authorised and paid-in capital	12	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		(1,847,544)	(1,463,844)
Accumulated losses		(3,734,685)	(2,504,457)
Net shareholders' equity		6,229,025	7,842,953
Liabilities			
Non-current liabilities			
Long term loan	13	16,173,504	14,143,750
Lease liabilities		-	18,259
End of service provision	16	419,020	194,996
		16,592,524	14,357,005
Current liabilities			
Long term loan – current portion	13	3,045,000	2,829,583
Bank overdrafts	13	-	2,001,184
Lease liabilities – current portion		-	1,215
Payables to financial brokerage customers	14	2,285,888	1,761,055
Other credit balances	15	913,443	1,478,280
Income tax provision	17	178,170	275,137
		6,422,501	8,346,454
Total liabilities		23,015,025	22,703,459
Total shareholders' equity and liabilities		29,244,050	30,546,412

The accompanying notes from 1 to 27 form an integral part of these consolidated financial statements.

	Note	2023	2022
		JD	JD
Revenue			
Commission income from financial brokerage net		495,516	567,799
Gain from the valuation of financial assets at fair value through profit and loss		-	552,708
Interest income		1,422,526	799,455
Other income	18	1,056,029	431,157
Total revenue		2,974,071	2,351,119
Expenses			
Employees expenses	19	(1,226,393)	(618,699)
Other expenses	20	(670,224)	(846,260)
Depreciation and amortisation		(84,950)	(20,628)
Expected credit loss provision – Receivables from financial brokerage customers	9	(769,217)	(138,084)
Expected credit loss provision – cash and financial institutions	11	(52,223)	-
Impairment of seized assets	7	-	(53,583)
Interest expense		(1,353,404)	(559,676)
Total expenses		(4,156,411)	(2,236,930)
Result from acquisition of a subsidiary	27	85,504	459,385
(Loss) income for the year before tax		(1,096,836)	573,574
Income tax for the year	17	(93,161)	(342,367)
(Loss) income for the period		(1,189,997)	231,207
Add: other comprehensive income items		(423,931)	(1,959,229)
Total comprehensive loss for the year		(1,613,928)	(1,728,022)
		JD/Share	JD/Share
Basic and diluted share of profit (loss) for the year	21	(0.12)	0.026

The accompanying notes from 1 to 27 form an integral part of these consolidated financial statements

UNITED FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Authorised and paid-in capital	Statutory reserve	Voluntary reserve	Financial assets fair value reserve - net	Accumulated losses	Net shareholders' equity
	JD	JD	JD	JD	JD	JD
2023						
Balance as at 1 January 2023	10,000,000	1,770,381	40,873	(1,463,844)	(2,504,457)	7,842,953
Loss for the year	-	-	-	-	(1,189,997)	(1,189,997)
Other comprehensive loss items	-	-	-	(423,931)	-	(423,931)
Net change in fair value reserve	-	-	-	40,231	(40,231)	-
Balance as at 31 December 2023	10,000,000	1,770,381	40,873	(1,847,544)	(3,734,685)	6,229,025
2022						
Balance as at 1 January 2022	8,000,000	1,690,658	40,873	(35,505)	(2,125,051)	7,570,975
Increase in paid-in capital (note 12)	2,000,000	-	-	-	-	2,000,000
Profit for the year	-	-	-	-	231,207	231,207
Other comprehensive income items	-	-	-	(1,959,229)	-	(1,959,229)
Net change in financial assets fair value reserve	-	-	-	530,890	(530,890)	-
Transfer to statutory reserve	-	79,723	-	-	(79,723)	-
Balance as at 31 December 2022	10,000,000	1,770,381	40,873	(1,463,844)	(2,504,457)	7,842,953

The accompanying notes from 1 to 27 form an integral part of these consolidated financial statements

	2023	2022
	JD	JD
Operating activities		
Profit (loss) for the year before tax	(1,096,836)	573,574
Adjustments		
Depreciation and amortisation	84,950	25,828
Expected credit loss provision - Receivables from financial brokerage customers	769,217	138,084
Expected credit loss provision – cash and financial institutions	52,223	-
Impairment expense on seized assets	-	53,583
Gain from the valuation of financial assets at fair value through profit and loss	-	(552,708)
Gain on the sale of property and equipment	(2,360)	(2,602)
End of service provision	294,031	75,217
Interest expense	1,353,404	559,676
Interest income	(1,422,526)	(799,455)
Result of acquisition of a subsidiary	(85,504)	-
Change in working capital items		
Financial assets at fair value through profit and loss	-	3,975,441
Receivables from financial brokerage customers	(610,460)	(11,167,002)
Deposits of settlement guarantee fund	(50,000)	(25,000)
Other debit balances	463,212	(477,315)
Due from related parties	(400,000)	1,429
Due to related parties	(2,086)	(181,306)
Purchase of financial assets at fair value through other comprehensive income	(2,440,334)	
Proceeds from the sale of financial assets at fair value through other comprehensive income	2,400,103	
Accounts payable to financial brokerage client	340,112	1,092,221
Other credit balances	(775,134)	1,040,278
Net cash flows used in operating activities before income tax and end of service paid	(1,127,988)	(5,670,057)
Income tax paid	(381,500)	(54,678)
End of service provision paid	(70,007)	(10,413)
Net cash flows used in operating activities	(1,579,495)	(5,735,148)
Investing activities		
Purchases of property and equipment	(482,581)	(13,749)
Purchases of intangible assets	(90,970)	(321,985)
Additions of seized assets	-	(717,265)
Increase in authorized paid-in capital	-	2,000,000
Acquisition of subsidiary, net	(1,806,931)	-
Additions to financial assets at fair value through other comprehensive income	-	(1,786,603)
Additions to financial assets fair value reserve – net	-	(1,213,984)
Proceeds from sale of property and equipment	2,360	4,541
Interest income received	1,422,526	799,455
Net cash flows used in investing activities	(955,596)	(1,466,495)
Financing activities		
Proceeds from loans	2,245,171	16,583,333
Loans payments	(1,708,491)	
Interest paid	(1,311,270)	(559,676)
Loss on sale of financial assets at fair value through other comprehensive income	-	(530,890)
Lease payments	(31,363)	(7,215)
Net cash flows (used in) generated from financing activities	(805,953)	15,485,552
Net change in cash and cash equivalents	(3,341,044)	8,283,909
Cash and cash equivalents as at 1 January (Note 11)	7,583,053	(700,856)
Cash and cash equivalents as at 31 December	4,242,009	7,583,053

The accompanying notes from 1 to 27 form an integral part of these consolidated financial statements

(1) GENERAL INFORMATION

United Financial Investments Company (the "Company") was established as a public limited shareholding company, under the registration no. (297) on 8 October 1995, according to the Companies Law with a share capital of JD 1,500,000 divided into 1,500,000 shares of JD 1 each. The Company's paid in capital was increased over stages the last of which was during 2022. Accordingly, the Company's paid in capital has reached JD 10,000,000 at JD 1 par value for share.

The Company is listed on Amman Stock Exchange.

The Company is 78.46% owned by Jordan Kuwait Bank. The financial statements are consolidated with that of Jordan Kuwait Bank and the Company's head office is located in Amman, Shmeisani - Abdul Aziz Al Th'albi Street, P.O. Box 927250 - Amman 11192, the Hashemite Kingdom of Jordan.

The financial statements of United financial investment Company are consolidated with the financial statements of the parent company (Jordan Kuwait Bank), which is owned by Kuwait Projects Holding Company (KIPCO) the ultimate parent holding company.

The Company's main objectives are to provide administrative, brokerage and consultation services on investment portfolios. In addition, the company provides agency or financial consultancy services, investing in securities, and performing feasibility studies and to own movable and immovable funds in the interest of the group.

The consolidated financial statements were approved by the Board of Directors during their meeting which was held on 14 March 2024.

(2) MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied by the company in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

2-1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as amended by the Central Bank of Jordan instructions.

The consolidated financial statements have been presented in Jordanian Dinar, which is the functional currency of the Group.

The consolidated financial statements of the Group are prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which are measured at fair value at the end of each reporting period.

Preparing consolidated financial statements in accordance with IFRS Accounting Standards requires the use of important and specific accounting estimates and requires management to exercise significant judgment in the process of applying the group's accounting policies. Areas that involve a high degree of judgment or areas where assumptions and estimates are fundamental to the consolidated financial statements are disclosed in Note No. (4).

The main differences between the IFRS Accounting Standards as they shall be applied and what has been approved by the Central Bank of Jordan are the following:

1) 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 IFRS Accounting standards such as those contained in IFRS accounting standards No. (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 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.

(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

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.

3) 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.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with the accounting policies that were followed in the preparation of the consolidated financial statements for the year ended 31 December 2022, except for the impact of applying new and amended International Financial Reporting Standards that have become effective for financial periods beginning on or after 1 January 2023, as described in Note (2-3).

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 31 December 2023:

Company	Date of Control	Country of incorporation	Paid in Capital	Ownership percentage
			JD	%
Specialized Managerial Company for Financial Consultancy	12 September 2021	Jordan	530,000	100
Mawared Financial Brokerage Company	1 June 2022	Jordan	3,000,000	100
Arab Financial Investment Company	20 December 2022	Jordan	4,800,000	100
Financial group hermes	30 November 2023	Jordan	3,000,000	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 and amended standards and interpretations issued and adopted by the Group in the financial year beginning on 1 January 2023:

Key requirements	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: • 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. 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 eligible groups of insurance contracts, which are often written by non-life insurers. 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.	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2: The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) 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".	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, and will require the recognition of additional deferred tax assets and liabilities. 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: • 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. The cumulative effect of recognising these adjustments is recognised in the opening balance of retained earnings, or another component of equity, as appropriate. 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
OECD Pillar Two Rules: In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules (the Global AntiBase Erosion Proposal, or 'GloBE') to reform international corporate taxation. Large multinational enterprises within the scope of the rules are required to calculate their GloBE effective tax rate for each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. In May 2023, the IASB made narrow-scope amendments to IAS 12 which provide a temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules.	1 January 2023

The amendments also require affected companies to disclose:

• the fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes
• their current tax expense (if any) related to the Pillar Two income taxes, and • during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, known or reasonably estimable information that would help users of financial statements to understand an entity's exposure to Pillar Two income taxes arising from that legislation. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure.

** The amendments must be applied immediately, subject to any local endorsement process, and retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, the disclosures about the known or reasonably estimable exposure to Pillar Two income taxes are only required for annual reporting periods beginning on or after 1 January 2023 and do not need to be made in interim financial reports for interim periods ending on or before 31 December 2023.

The implementation of the above standards did not have a material impact on the consolidated financial statements.

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

Key requirements	Effective date
Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Non-current Liabilities with Covenants – Amendments to IAS 1 - Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or noncurrent, 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). 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: • 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. The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.	1 January 2024

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 non-current.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16:

1 January 2024

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 recognising 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

Supplier finance arrangements – Amendments to IAS 7 and IFRS 7:

The IASB has issued new disclosure requirements about supplier financing arrangements (‘SFAs’), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

1 January 2024

Disclosures falls short of meeting user information needs. The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity’s liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:

The terms and conditions of SFAs.

1. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.

2. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.

3. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.

4. Non-cash changes in the carrying amounts of financial liabilities in (b).

5. Access to SFA facilities and concentration of liquidity risk with finance providers.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

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 nonmonetary 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 as the IASB has finalised its research project on the equity method.	N/A

The management is still in the process of evaluating the impact of these new amendments on the Company's consolidated financial statements, and it believes that there will be no significant impact on the consolidated financial statements when they are implemented.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current year starting 1 January 2023 or future reporting periods and on foreseeable future transactions.

2-4 Foreign currency translation

(A) Functional and presentation currency of the consoldated financial statement

Items included in the consolidated financial statements of the Group are evaluated using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Jordanian Dinar, which is the Group's functional and presentation currency.

(B) Transactions and balances

Foreign currency transactions are translated into the Jordanian Dinar using the exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into the Jordanian Dinar at prevailing year-end exchange rates. Foreign exchange gains and losses resulting from that are recognised in the consolidated statement of income.

2-5 **Segment Information**

The business segment represents a group of assets and operations that jointly offer products or services subject to risks and returns different from those related to other business segments, which are measured according to reports used by the group's executive managers and key decision-makers.

The geographical segment is associated with offering products or services in a specific economic environment subject to risks and returns different from those related to segments operating in other economic environments.

2-6 **Property and equipment**

Property and equipment are shown at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these property and equipment.

Subsequent costs are included in the asset's value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The book value of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income.

Depreciation is calculated using the straight-line method to allocate the property and equipment cost over their estimated useful lives. The main useful lives used for that purpose are as follows:

	%
Buildings	2
Furniture and fixtures	20
Decorations	20
Office equipment	20
Computers	35
Vehicles	15

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial period.

An asset's book value is written down to its recoverable amount if the asset's net book value is greater than its recoverable amount, and the decrease is recognised in the statement of comprehensive income (Note 2-8).

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the book value and are recognized in the consolidated statement of comprehensive income.

Project Under Construction

Projects under construction or for administrative or purposes not yet determined are carried at cost, less any recognized impairment losses. Cost includes professional fees and borrowing costs for qualifying assets capitalized in accordance with the Group's accounting policy. These projects are classified into appropriate categories according to the property, plant and equipment item upon completion and when they are ready for their intended use. Depreciation of these assets begins on the same basis as the components of property, plant and equipment when the assets are ready for their intended use.

2-7 **Intangible assets**

Intangible assets that have a finite useful life are carried at cost less accumulated amortization. Internally generated intangible assets are not capitalized and are recognised in the statement of income in the period in which it they are incurred.

Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives, as follows:

	%
Computer software	20

2-8 **Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are impaired at the end of each financial period are reviewed for possible reversal of the impairment.

2-9 **Financial assets at fair value through the statement of comprehensive income**

These financial assets represent investments in equity instruments and debt instruments for the purpose of holding them on a long-term basis.

These assets are recognised at fair value plus acquisition expenses upon purchase and are subsequently re-evaluated at fair value. Change in fair value is included in the statement of comprehensive income and in equity, including the change in fair value resulting from the translation of some items of non-monetary assets in foreign currencies. In the case of selling such assets or part thereof, profits or losses are recorded in the statement of comprehensive income and equity. Balance of the sold financial asset valuation reserve is directly transferred to retained earnings and losses rather than through the consolidated statement of income.

Dividends are recognised in the consolidated statement of income.

2-10 Financial instruments

1) Initial recognition of measurement:

Financial assets and financial liabilities are recognised in the consolidated statement of financial position of the Group when the Group becomes a party to the contractual provisions of the instrument and borrowings and receivables to customers are recognised if they are credited to the customers' account.

Financial assets and liabilities are measured initially at fair value, and transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities are added to the fair value of the financial assets or financial liabilities, or deducted therefrom, as necessary, upon initial recognition. Transaction costs that are directly related to the acquisition of financial assets or financial liabilities at fair value through the statement of profit or loss are recognised directly in the consolidated statement of profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, the difference is recognised on initial recognition (i.e. profit or loss on the first day);

In all other cases, the fair value is adjusted to align with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial book value of the asset or liability);

After initial recognition, the deferred gain or loss will be released to the statement of profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability, or upon the de-recognition of such instrument.

2) Initial recognition

All financial assets are recognized on the trade date when the purchase or sale of a financial asset is pursuant to a contract whose terms require delivery of the financial asset within a time frame specified by the relevant market, and is initially measured at fair value plus transaction costs, with the exception of those financial assets classified as fair value in the statement of profit or loss.. Transaction costs directly attributable to the acquisition of financial assets designated at fair value through profit or loss are recognized in the consolidated income statement.

3) Subsequent measurement

All recognised financial assets that are within the scope of IFRS (9) are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. specifically:

The financing instruments held in the business model that aims to collect contractual cash flows, and which have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, and are subsequently measured at amortised cost;

Financing instruments held within a business model that aim to both collect contractual cash flows and sell debt instruments, and which have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, subsequently measured at fair value through other comprehensive income;
All other financing instruments (such as debt instruments managed on fair value basis, or held for sale), and equity investments are subsequently measured at fair value through the income statement.

However, the Group can take a non-cancellable option/ determination after initial recognition of the financial asset on an asset-by-asset basis, as follows:

The Group can take the non-cancellable option by including subsequent changes in the fair value of the investment in equity that is not held for trading or a possible replacement recognised by the buyer within the business combination to which the IFRS (3) applies, in other comprehensive income. The Group can determine in a non-cancellable manner the financing instruments that meet the criteria of amortised cost or fair value through other comprehensive income as measured by the fair value through the consolidated statement of profit or loss if it eliminates or significantly reduces mismatches in accounting (referred to as the fair value option).

For an asset to be classified and measured at amortised cost or at fair value through other comprehensive income, its contractual terms should give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are tested for impairment.

Expected credit losses

The Group recognises loss allowances for expected limit loss on the following financial instruments that are not measured at fair value through the statement of profit or loss:

1) Cash at banks
2) Receivables from financial brokerage customers
3) Due from related parties

Impairment loss is not recognised on equity instruments.

Except for financial assets originated or purchased that have low credit value (which are considered separately below), Expected credit losses are required to be measured through a loss allowance at an amount equal to:

Expected credit losses for a period of (12) months, i.e. the time period of expected credit losses that result from those default events on financial instruments that can be achieved within (12) months after the reporting date, and is referred to as the first stage;

Expected credit losses for a period of (12) months, that is, the chronological lifetime of expected credit losses resulting from all possible default events over the life of the financial instrument referred to in the second stage and the third stage.

A lifetime ECL provision for a financial instrument is required if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, the expected credit loss is measured at an amount equivalent to the expected credit loss for a period of (12) months.

Expected credit losses are a likely weighted estimate of the present value of credit losses. This value is measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Group expects to receive, which arises from weighting several future economic scenarios, discounted according to the effective interest rate of the asset.

2-11 Cash on hand and at banks

Cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

2-12 Fair value of financial assets

The closing prices (purchase of assets) at the statement of financial position date in active markets represent the fair value of the financial instruments and derivatives that have market prices. In the absence of quoted prices or the absence of active trading of certain financial instruments, derivatives or market inactivity, their fair value is estimated in a number of ways, including:

- Comparing the fair value with the current market value of a substantially similar financial instrument.
- Analysing future cash flows and discounting expected cash flows at a rate used in an similar financial instrument.

Long-term financial assets and liabilities that are not interest-bearing are assessed under the cash flow discount and at the effective interest rate. The discount / premium is amortised in the interest income received / paid in the statement of income.

The assessment methods aim to obtain a fair value that reflects market expectations and takes into account market factors and any anticipated risks or rewards when estimating the value of financial instruments. Where there are financial instruments that cannot be reliably measured, they are stated at cost less any impairment.

2-13 Payables to Financial brokerage customers

Payables of brokerage clients include obligations in return of services made in the Company's ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Payables of brokerage customers are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2-14 Borrowings and bank overdraft

Bank overdrafts are initially recognised at fair value, net of transaction costs incurred, bank overdrafts are subsequently carried at amortised cost. Any differences between received amounts (net of transaction costs) and redemption value is recognised in the statement of income over the period of the borrowing using the effective interest method.

Bank overdrafts are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the consolidated statement of financial position date.

Borrowing costs

Direct borrowing costs related to the purchase, construction or production of an asset, which necessarily requires a long period to become ready for its intended use or sale, are capitalized as part of the costs of that asset. Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs incurred by the Group in connection with obtaining loans.

Investment income earned on the temporary investment of specific borrowings pending expenditure on qualifying assets is deducted from borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2-15 Seized assets

Assets seized by the Group appear in the consolidated statement of financial position within seized assets, at the lower of amount reverted to the Group or the fair value and are reassessed on the date of the financial statements individually. Any impairment in their value is recorded as a loss in the 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 according to the instructions of the Central Bank of Jordan.

2-16 Revenue and expenses recognition

Interest revenues are recognised using the effective interest method, except for interests and commissions of non-performing margin clients receivables, which are not recognised as revenues, and they are recorded to the account of outstanding interests and commissions.

Interest revenues and expenses are recognised on accrual basis.

Expenses are recognised on accrual basis.

Brokerage commission are recorded as revenues when relevant services are rendered, and accounted for at a specific percentage of the market equity of shares sold or purchased in favour of the client.

Dividends are recognised upon the declaration of these dividends, and the Group is entitled to receive it.

2-17 Provisions

Provisions are recognised when the Group has obligations at the date of the financial statements arising from past events and these obligations can be paid and reliably determined.

2-18 Income tax

Tax expenses represent amounts of tax payable.

Payable tax expenses are calculated based on taxable profits. Taxable profits are different from profits disclosed in the consolidated financial statements, as disclosed profits include revenue that is not subject to tax, expenses that are not recognisable in the financial year but in subsequent years or accumulated losses that are accepted in terms of tax or items that are not taxable or recognisable for tax purposes.

Taxes are calculated as per the tax rates established by the laws, regulations and instructions.

Deferred tax is the tax expected to be paid or recovered as a result of temporary timing differences between the value of assets or liabilities in the financial statements and the value based on which tax profit is calculated. Deferred tax is calculated using the liability method in the financial position, and deferred tax is accounted for in accordance with tax rates expected to be applied to settle the tax liability or realise deferred tax assets.

2-19 Employees' benefits

(A) For defined benefit plans, the Group mandatorily pays contributions to the pension insurance fund managed by a government entity (Social Security Corporation). The Group has no further payment obligations once the contributions are paid. Such contributions are recognised as social security expense as they fall due.

(B) Provision for end of service compensation

Regarding defined benefit plans, the Group calculates the provision for end of service compensation to meet the statutory and contractual obligations of employees for the end of service for the service period of each employee at the date of the statement of financial position in accordance with the internal regulations of the Company.

2-20 Deposits of settlement guarantee fund

This amount represents total amounts deposited by the Group to The Jordanian Securities Commission, this amount is determined according to the volume of trading in the stock.

(3) RISK MANAGEMENT

3-1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the risk of fluctuation in the market (which includes foreign currency translation risks, interest rate risks and risk in changes in stock prices), credit risk and liquidity risk. The Group's overall risk management programme focuses on minimising potential adverse effect on the Group's financial results.

A- Market risk

Market risks are losses of the value arising from changes in market prices as the change in interest rates, foreign exchange rates, prices of equity instruments and therefore changes in fair value of the cash flows of financial instruments within and outside the consolidated statement of financial position.

Foreign currency risk

Foreign currency risks result from the change in prices of financial instruments due to changes in exchange rates.

Most of the Company's transactions are in the Jordanian Dinar or US Dollar. The exchange rate between the US Dollar and the Jordanian Dinar is fixed, therefore, the Group is not exposed to risks of currency exchange.

Interest rate risk

Interest rate risks are the risks related to change the value of a financial instrument as a result of changes in market interest rates.

Based on this analysis, the impact of increase or decrease in interest rate on the loss for the year after tax is as follows:

Currency	Increase in interest rate	Impact on (loss) profit after tax
	%	JD
2023		
Jordanian Dinar	1	(192,185)
2022		
Jordanian Dinar	1	(189,745)

- **Change in stock Price risk**

The change in the prices of shares traded in securities as at the date of the financial statements of higher or lower than 5% has the following effect on the results of the Group:

	Change in price	2023	2022
		JD	JD
Impact on the statement of other comprehensive income	5%	70,145	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.

B- Credit risk

Financial assets that are subject to credit risk are limited to cash with banks, receivables of financial brokerage clients, some other receivables, deposits of settlement guarantee fund, and due from related parties. The Group deals only with financial institutions with high credit ratings. The Group has a policy of reducing the credit risk exposure of a single financial institution. Credit limits are regularly monitored.

Receivables contain concentration risks, as the five largest receivables represent 35% (2022: 33.06%) of the net receivable balances.

The following table shows the cash at banks and its credit rating as at 31 December as follows:

	Rating	2023	2022
		JD	JD
Invest Bank	BB	2,229,274	2,867,197
Jordan Kuwait Bank	B+	1,626,566	5,679,962
Capital Bank	B1	296,920	-
Arab Bank	BB	82,951	-
Cairo Amman Bank	B1	4,738	-
Etihad Bank	BB-	-	10,045
Ahli Bank	B+	-	1,021,125
		4,240,449	9,578,329

C- Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial commitments.

The Group manages liquidity risk through the availability of the necessary cash through borrowing and credit facilities from banks. The Group also monitors cash flows due from customers.

The following table shows the company's financial liabilities (undiscounted) at 31 December 2023 and 2022, based on the maturity date for the remaining periods and current market interest rates:

	Less than 1 year	More than 1 year	Total	Net book value
	JD	JD	JD	JD
As at 31 December 2023				
Loans	3,258,150	17,629,119	20,887,269	19,218,504
Payables to financial brokerage customers	2,285,888	-	2,285,888	2,285,888
Other credit balances (excluding statutory (liabilities	973,184	-	973,184	973,184
	6,517,222	17,629,119	24,146,341	22,477,576
As at 31 December 2022				
Loans	3,027,654	15,416,688	18,444,342	16,973,333
Overdrafts	2,141,267	-	2,141,267	2,001,184
Due to related parties	2,086	-	2,086	2,086
Payables to financial brokerage customers	1,761,055	-	1,761,055	1,761,055
Other credit balances (excluding statutory (liabilities	1,465,441	-	1,465,441	1,465,441
Lease liabilities	19,474	-	19,474	19,474
	8,416,977	15,416,688	23,833,665	22,222,573

3-2 **Capital risk management**

The Group manages its capital to ensure its ability to continue and maximise the return to shareholders by achieving an optimal balance between shareholders' equity and debt.

The group monitors capital by monitoring the debt ratio. This ratio is calculated by dividing the net debts by the total capital, and the net debts are calculated by counting the total loans, which include loans and creditor banks, from which cash on hand and with banks is deducted, as shown in the consolidated statement of financial position. The total capital is calculated by adding shareholders' equity with net debts, as shown in the consolidated statement of financial position.

The Group follows a strategy to maintain the ratio of debt to shareholders' equity within a reasonable level.

Gearing ratio was as follows:

	2023	2022
	JD	JD
Total borrowings	19,218,504	18,974,517
Cash on hand and at banks	(4,189,786)	(9,584,237)
Net debt	15,028,718	9,390,280
Net shareholders' equity	6,229,025	7,842,953
Total capital	21,257,743	17,233,233
Gearing ratio	70%	54%

3.3 Financial Instruments Categories

	2023	2022
	JD	JD
Assets as per the consolidated statement of financial position		
Financial assets at fair value through other comprehensive income	1,402,903	1,786,603
Financial assets at amortized cost		
Deposits of settlement guarantee fund	100,000	50,000
Receivables from financial brokerage customers - net	16,314,940	12,748,910
Other debit balances (excluding prepayments)	564,198	601,215
Cash on hand and at banks	4,189,786	9,584,237
	21,168,924	22,984,362
	22,571,827	24,770,965
Liabilities as per the consolidated statement of financial position		
Financial liabilities at amortized cost		
Loans	19,218,504	16,973,333
Overdrafts	-	2,001,184
Due to related parties	-	2,086
Payables to financial brokerage customers	2,285,888	1,761,055
Other credit balances (excluding statutory liabilities	909,288	1,476,196
Lease liabilities	-	19,474
	22,413,680	22,233,328

(4) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Accounting estimates and judgements are constantly evaluated by the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the book values of assets and liabilities within the next financial year are addressed bellow:

(A) Provision of expected credit loss for receivables of financial brokerage clients, margin receivables and cash at banks

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(B) Income tax

The Group is subject to income tax, which requires making significant judgements in determining the provision for income tax. There are several transactions and calculations related to the Company's ordinary business for which tax determination is not identified. The Group recognises income tax liabilities depending on its expectations on whether the taxation audit will result in any additional tax. If the final tax estimation is different from what was recorded, such differences would affect income tax for the period when such differences are identified.

(C) Provision for employee end of service indemnity

The Group establishes a provision for employees' end of service indemnity, in accordance with the accounting policy stated in (Note 2-19). The computation of the provision incorporates foundation relating to expected length of service and salary increases together, along with an estimation of discount rate.

(C) Impairment in the value of seized assets

Impairment in the value of seized assets is recorded based on recent and certified property valuations conducted by accredited appraisers for the purpose of asset impairment assessment, and such impairment is periodically reviewed.

(5) PROPERTY AND EQUIPMENT

	Lands and buildings	Furniture and fixtures	Decorations	Computers	Vehicles	Projects under construction	Total
	JD	JD	JD	JD	JD	JD	JD
2023							
Cost							
Balance at 1 January	468,644	229,706	-	143,801	41,469	321,985	1,205,605
Additions	-	4,473	-	5,875	-	472,233	482,581
Result of acquisition	-	14,391	-	61,505	19,150	-	95,046
Disposals	-	(209,511)	-	(115,728)	-	-	(325,239)
Resulting from acquisition	284,540	509,678	-	-	-	(794,218)	-
Balance at 31 December	753,184	548,737	-	95,453	60,619	-	1,457,993
Accumulated depreciation							
Balance at 1 January	162,169	218,321	-	137,479	33,631	-	551,600
Resulting from acquisition	-	9,612	-	44,379	19,150	-	73,141
Depreciation expense	11,259	45,123	-	10,548	2,037	-	68,967
Related to disposals	-	(209,511)	-	(115,728)	-	-	(325,239)
Balance at 31 December	173,428	63,545	-	76,678	54,818	-	368,469
Net book value at 31 December 2023	579,756	485,192	-	18,775	5,801	-	1,089,524

Fully depreciated assets as at 31 December 2023 amounted to 675,344 (2022: JD 628,432).

	Lands and buildings	Furniture and fixtures	Decorations	Computers	Vehicles	Projects under construction	Total
	JD	JD	JD	JD	JD	JD	JD
2022							
Cost							
Balance at 1 January	469,906	265,667	97,249	133,743	41,469	-	1,008,034
Additions	-	3,352	-	4,414	-	321,985	329,751
Result of acquisition	-	232	-	5,751	-	-	5,983
Disposals	(1,262)	(22,479)	(97,249)	(107)	-	-	(121,097)
Disposals resulting from acquisition	-	(17,066)	-	-	-	-	(17,066)
Balance at 31 December	468,644	229,706	-	143,801	41,469	321,985	1,205,605
Accumulated depreciation							
Balance at 1 January	152,975	255,950	96,393	132,550	30,369	-	668,237
Depreciation expense	9,373	2,957	-	5,036	3,262	-	20,628
Related to disposals	(179)	(24,377)	(96,393)	(107)	-	-	(121,056)
Related to acquisition	-	(16,209)	-	-	-	-	(16,209)
Balance at 31 December	162,169	218,321	-	137,479	33,631	-	551,600
Net book value at 31 December 2022	306,475	11,385	-	6,322	7,838	321,985	654,005

(6) INTANGIBLES ASSETS

	2023	2022
	JD	JD
	Computer Software	Computer Software
Cost		
Balance at 1 January	1,611	51
Additions	90,970	1,560
Balance at 31 December	92,581	1,611
Accumulated Amortization		
Balance at 1 January	51	-
Amortization	15,983	51
Balance at 31 December	16,034	51
Net Book Value		
Balance at 31 December	76,547	1,560

(7) SEIZED ASSETS

Below is a summary movement in real estate that has been seized by the group in the settlement against outstanding debts:

	2023	2022
	JD	JD
Cost		
Balance as at 1 January	4,057,768	3,394,086
Additions	-	572,230
Disposals	-	(572,230)
Impairment loss	-	717,265
Result from acquisition	-	(53,583)
Balance as at 31 December	4,057,768	4,057,768

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 10 August 2023 where the fair value of these properties amounted JD 4,101,180.

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

	2023	2022
	JD	JD
Companies' shares listed in Amman Stock Exchange	3,214,942	3,214,942
Change in fair value during the year	(1,812,039)	(1,428,339)
	1,402,903	1,786,603

(9) RECEIVABLES FROM FINANCIAL BROKERAGE CUSTOMERS - NET

	2023	2022
	JD	JD
Receivables from financial brokerage customers	1,508,594	962,103
Receivables from margin trading customers	14,848,611	3,597,277
Additions during the year as a result of the acquisitions	4,157,952	179,985
Additions during the year as a result of the acquisitions - Margin	-	11,049,732
Receivables - Specialized Managerial Company for Investment and Financial Consulting	67,648	68,150
	20,582,805	15,857,247
Expected credit loss provision for financial brokerage customers and margin trading	(4,103,658)	(3,076,624)
Interest in suspense	(164,207)	(31,713)
	16,314,940	12,748,910

* The Group grants facilities to customers up to a maximum of 100% of initial margin of the market value of securities on the date of purchase provided that this percentage is not less than 30% of (maintenance margin) of the customer's investment value as per marginal financing with interest up to 12.75% with a guarantee of financing investments and reviewed on a periodic basis. The details as at 31 December 2023 are as follows:

- The total market value of the portfolios is JD 35,640,716 (2022: JD 28,216,191).
- The total funded by the Company is JD 19,003,013 (2022: JD 12,609,973).
  Total funded by customers (security margin) JD 16,637,703 (2022: JD 12,609,973).
- The percentage of amounts funded by customers to the total market value of the portfolios is 46.7% (2022: 57.9%).

The Group follows a policy of obtaining adequate customer guarantees where appropriate to reduce the risk of credit losses arising from non-fulfilment of obligations. The group provides an expected credit loss provisions for receivables that may not be collected in accordance with IFRS Accounting Standards as amended by the central bank of Jordan instructions. Total due accounts receivable as follows:

	2023	2022
	JD	JD
Receivables - brokerage customers		
1 – 7 days	685,586	207,220
8 – 30 days	58,528	25,724
31 – 60 days	-	7,149
61 – 90 days	-	60,161
91 – 120 days	-	-
Over 120 days	764,480	909,984
	1,508,594	1,210,238
Receivables of margin trading customers	14,848,611	3,597,277
Trade receivables	67,648	-
Result of the acquisition	4,157,952	11,049,732
	20,582,805	15,857,247

The following is the movement on the balance of receivables from financial brokerage customer on gross basis during the year ended 31 Decembers 2023 and 2022:

	2023			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance as at 1 January	8,676,745	4,025,828	3,155,430	15,858,003
New facilities during the year	1,817,507	631,913	-	2,449,420
Settled Facilities	(1,268,066)	(382,103)	(232,401)	(1,882,570)
Transferred to stage 1	2,463,862	(1,973,082)	(490,780)	-
Transferred to stage 2	(1,192,166)	1,192,166	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from modifications	-	-	-	-
Additions from acquisition	3,286,480	516,504	354,968	4,157,952
Balance as at 31 December	13,784,362	4,011,226	2,787,217	20,582,805

	2022			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance as at 1 January	85,753	1,555,532	1,671,364	3,312,648
New facilities during the year	793,345	1,973,159	266,510	3,033,014
Settled Facilities	(85,753)	(577,324)	(1,054,300)	(1,717,377)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	35	(35)	-
Transferred to stage 3	-	(978,208)	978,208	-
Changes resulting from modifications	-	-	-	-
Additions from acquisition	7,814,494	2,121,540	1,293,683	11,229,717
Balance as at 31 December	8,607,839	4,094,734	3,155,430	15,858,003

The following is the movement in the expected credit loss provisions - financial brokerage customers and margin receivables during the year:

	2023			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance as at 1 January	1,671,706	138,084	1,267,590	3,077,380
Impairment loss on new balances during the year	26,434	28,551	1,067,386	1,122,370
Reversals from expected credit loss during the year	(136,255)	(131,053)	(85,846)	(353,153)
Transferred to Stage 1	76,941	(7,725)	(69,216)	-
Transferred to Stage 2	(4,668)	4,668	-	-
Transferred to Stage 3	-	-	-	-
total impact on impairment loss as a result of changing classification between stages	-	-	-	-
Additions from acquisition	3,370	13,236	240,455	257,061
Balance as at 31 December	1,637,528	45,761	2,420,369	4,103,658

	2022			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance as at 1 January	-	75,684	1,524,320	1,600,004
Impairment loss on new balances during the year	1,634,298	129,750	-	1,742,964
Recovery of impairment loss on paid balances	-	(14,088)	1,129,193) (	(1,143,281)
Transferred to Stage 1	-	-	-	-
Transferred to Stage 2	-	35	(35)	-
Transferred to Stage 3	-	(61,603)	61,603	-
total impact on impairment loss as a result of changing classification between stages	-	-	-	-
Additions from acquisition	37,408	8,307	810,893	856,608
Balance as at 31 December	1,671,706	138,084	1,267,591	3,077,380

The movement of provision of expected credit loss for receivables of financial brokerage clients and margin receivables is as follows:

	2023	2022
	JD	JD
Balance as at 1 January	3,077,380	1,671,706
Provision during the year	769,217	138,084
Acquisition - Arab Investments Company	257,061	1,267,590
Balance as at 31 December	4,103,658	3,077,380

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

	2023	2022
	JD	JD
Beginning balance for the year	31,713	166,561
Additions during the year	143,199	9,585
Interest transferred to revenue during the year	(10,363)	(137,639)
Write-offs	(342)	(6,794)
Balance at the end of the period/year	164,207	31,713

Receivables contain concentration risks, with the five largest receivables representing 35% (2022: 33%) of net receivable balances.

Details of expected credit loss stages in accordance with IFRS Accounting Standard No. (9) were as follows:

	2023	2022
	JD	JD
Stage 1	1,637,528	1,671,706
Stage 2	45,761	138,084
Stage 3	2,420,369	1,267,590
Total	4,103,658	3,077,380

(10) OTHER DEBIT BALANCES

	2023	2022
	JD	JD
Due from related parties (Note 24)	400,000	-
Prepayments	124,731	85,980
Deposits Securities	89,150	89,150
Refundable deposits	33,143	124,055
Acquisition of subsidiary cashflow risk	26,909	
Tax Deposits	22,019	41,923
Employees' receivables	13,784	32,303
Trade settlement	-	192,324
Cheques under collection	-	63,037
Subscriptions	-	19,032
Other receivables	6,102	39,384
	715,838	687,188

(11) CASH ON HAND AND AT BANKS

	2023	2022
	JD	JD
Cash on hand	1,560	5,908
Cash at banks	3,240,449	5,101,958
Term Deposit*	1,000,000	4,476,371
Expected Credit Loss Provision	(52,223)	-
	4,189,786	9,584,237

* This item represents time deposits in Jordanian dinars due within a period of three months from the date of the deposit at an annual interest rate ranging between 4% - 5% (December 31, 2022: ranging between 3.5% - 4%).

The movement in the allowance for expected credit losses for cash during the year is as follows:

	2023	2022
	JD	JD
Balance as at 1 January	-	-
Provision during the year	52,223	-
Balance as at 31 December	52,223	-

For the purpose of preparing the statement of cash flows, cash and cash equivalents compromise:

	2023	2022
	JD	JD
Cash on hand and at banks	4,242,009	9,584,237
Bank overdraft	-	(2,001,184)
	4,242,009	7,583,053

(12) SHAREHOLDERS EQUITY

AUTHORIZED AND PAID IN CAPITAL

The authorized and paid-up capital of the Group is JD 10,000,000 divided into 10,000,000 fully paid-up shares with a par value of JD 1 per share as at 31 December 2023

The company has increased its paid-in capital by two million shares, according to the meeting of the Board of Directors dated 24 July 2022. This was performed through a non-public offering with a nominal value of one dinar per share or 90% of the last closing price of the company's share on the date of the board's approval of the increase, or whichever is higher, in which the paid-in capital has amounted to JD 10,000,000.

The Group is 78.46% owned by Jordan Kuwait Bank and the ultimate parent company is Al Rawabi Holding.

STATUTORY RESERVE

In accordance with the requirements of the Jordanian Companies Law and the Bylaws, the Group 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 statutory reserve shall not exceed 25% of the Group'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.

VOLUNTARY RESERVE

In accordance with the requirements of the Jordanian Companies Law and the Bylaws, Article (70), the company may decide to deduct an amount not exceeding 20% of the annual net profits and transfer them to the voluntary reserve for the purposes of this law. The net profits represent the profit before deducting the income tax expense. This reserve is not distributable to the partners. The Group did not transfer to the voluntary reserve during the year ending 31 December 2023.

(13) LOANS AND BANK OVERDRAFTS

	2023	2022
	JD	JD
Non-Current Liabilities		
Long term loan	16,173,504	14,143,750
Current liabilities		
Bank Overdrafts	-	2,001,184
Current portion of long-term loans	3,045,000	2,829,583
	3,045,000	4,830,767
	19,218,504	18,974,517

Bank overdrafts

The Group was granted short-term facilities from local banks with a ceiling of JD 2,750,000 as at 31 December 2023 (2022: JD 4,750,000). These facilities are granted to the Group by Capital Bank, Housing Bank and Jordan Kuwait Bank and are subject to annual interest rates in the local market, where interest rates vary between 9.25% and 9.75% during the year 2023 (2022: 4.5, 7% and 9.25%%). The utilized balance of these facilities amounted to zero dinars as of December 31, 2023 (2022: JD 2,001,184).

Bank loans

	Due Date	2023	2022
		JD	JD
Capital Bank	30 September 2027	9,074,754	-
Invest Bank	30 June 2027	9,993,750	11,700,000
Ejara for Financing (Sister company)	15 May 2025	150,000	273,333
Etihad Bank	Loan was settled during 2023	-	5,000,000
		19,218,504	16,973,333

All of the above loans are in Jordanian dinars, and the annual interest rates on these loans range from 7,125% and 8% (2022: 8% and 7,125%).

(14) PAYABLES TO FINANCIAL BROKERAGE CUSTOMERS

	2023	2022
	JD	JD
Due to financial brokerage customers*	1,904,062	720,107
Impact of acquisition	381,826	1,040,948
	2,285,888	1,761,055

* The above payables are non-interest bearing, as policies are adopted to manage financial risks to guarantee settlement of the payables within the agreed upon payment periods.

(15) OTHER CREDIT BALANCES

	2023	2022
	JD	JD
Due to shareholders	468,339	285,246
Payable resulting from sales of shares	134,750	801,514
Trade Settlement	90,662	-
Accrued expenses	46,638	48,574
Customer' Deposits	33,611	18,339
Social security deposits	4,043	5,552
Employees income tax deposits	112	5,200
Checks under collection	-	63,031
Due to related parties (Note 24)	-	2,086
Others	135,288	248,738
	913,443	1,478,280

(16) END OF SERVICE PROVISION

Employees end of service benefit is calculated based on years of service and the obligation is determined on the basis of the present value of defined benefit obligation at the end of the reporting period, the present value of the defined benefit obligations is determined by deducting estimated future cash flows issued and using the interest rate on high-quality government bonds denominated in the currency in which the benefits are paid with maturities that approximate those of the obligations.

The basis for calculating this provision is as follows:

- 50% of the basic salary (adjusted on the percentage of the salaries of 14 months) for each year of labour.

Movement on the end of service provision is as follows:

	2023	2022
	JD	JD
Balance as at 1 January	194,996	130,192
Charged to statement of comprehensive income (Represents the cost of the current service and the discounted value)	294,031	19,037
Result from acquisition – Arab Financial Investment provision	-	56,180
Employees end of service provision paid	(70,007)	(10,413)
Balance as at 31 December	419,020	194,996

In the opinion of management, the main assumptions are as follows:

	2023	2022
	%	%
Discount rate	5.53%	5.42%
Salary Increase rate	5.88%	5.14%

(17) INCOME TAX

	2023	2022
	JD	JD
Balance as at 1 January	275,137	300,837
Income tax paid	(381,500)	(269,033)
Income tax deposits	(18,649)	(4,786)
Income tax expense for the period	303,182	248,119
Balance as at 31 December	178,170	275,137

Income tax expense in the consolidated statement of income represents the following:

	2023	2022
	JD	JD
Current year income tax	(303,182)	(113,166)
Tax surplus	-	(135)
Deferred tax assets	210,021	(229,066)
	(93,161)	(342,367)

Income tax reconciliation:

	2023	2022
	JD	JD
Accounting (loss) profit	(1,096,837)	1,586,681
Non-deductible expenses	1,136,194	1,451,038
Non-taxable income	(192,165)	(4,754,229)
Carried forward losses	-	(257,547)
Taxable income	(152,808)	(1,974,057)
Statutory tax rate	28%	%28
Income tax for the year	93,161	248,119
Settlement of withholding tax on interest income	-	135
Tax surplus	-	(135)

The Income tax provision was calculated for the period ending on 31 December 2023 and 31 December 2022 in accordance with Income Tax Law No. (38) of 2018. The legal income tax rate of United, Mawared and Arab Company is 28% and the rate of Specialized Managerial Company is 21%.

United Financial Investments Company

United financial investment Company reached a final settlement with the Income and Sales Tax Department until the end of 2021.

The tax return has been submitted for the year 2022 and not been reviewed by the Income and Sales Tax Department up to the date of these consolidated financial statements.

Mawared Financial Brokerage Company

Mawared Company reached a final settlement with the Income and Sales Tax Department until the end of 2022.

The Specialised Managerial Company for consultancy

The Specialised Managerial Company for consultancy reached a final settlement with the Income and Sales Tax Department until the end of 2022.

The Arab Financial Investment Company

The Arab Financial Investment Company reached a final settlement with the Income and Sales Tax Department until the end of 2022.

Financial group hermes

Financial group hermes Company reached a final settlement with the Income and Sales Tax Department until the end of this year 2021 and the self-assessment statement for 2022 has been submitted which has not been reviewed.

The movement on deferred tax assets is as follows:

	2023	2022
	JD	JD
Balance at beginning of the year	957,467	1,025,409
Acquisition impact – Financial group hermes	146,604	-
Additions during the year	327,341	119,817
Released during the year	(117,320)	387,039
Acquisition of subsidiary	(17,348)	(574,798)
Balance at the end of the year	1,296,744	957,467

Deferred tax assets arise from the following:

	31 December 2023					31 December 2022
	Balance at beginning of the year	Additions during the year	Released during the year	Balance at the end of the year	Deferred tax assets	Deferred tax assets
	JD	JD	JD	JD	JD	JD
Expected credit loss	2,154,353	769,217	-	2,923,570	690,178	618,812
Carried forward losses	1,007,083	523,587	-	1,530,670	428,588	281,983
Provision for impairment of seized assets	53,583	-	-	53,583	15,003	15,003
Expected credit loss provision – cash at banks	-	169,827	-	169,827	47,551	-
Employees benefits provision	10,000	10,000	-	20000	5,600	2,800
End of service provision	138,816	278,294	(70,007)	347,103	97,189	38,869
Employees vacation provision	-	45,124	-	45,124	12,635	-
	3,363,835	1,796,049	(70,007)	5,089,877	1,296,744	957,467

(18) OTHER INCOME

	2023	2022
	JD	JD
Compensation for uncollectable recievable	400,000	-
Dividends received	115,402	-
Bond issuance fees	149,260	-
Rent revenues	128,775	128,775
Others	262,592	302,382
	1,056,029	431,157

* The Group signed a lease agreement for the seized property in Ramtha on 3 January 2020. The total contract value amounted to JD 104,520 to be paid in four instalments, starting from 1 March 2020.

** The Group signed a lease agreement for the property seized in Irbid on 3 January 2020. The total contract value amounted to JD 24,255, subject to renewal, and it will be repaid at one payment due at the end of each year.

(19) EMPLOYEES EXPENSES

	2023	2022
	JD	JD
Salaries and employees’ benefits	693,671	514,827
Employees' end of service expenses	294,031	19,037
Social security	74,788	55,789
Bonus expenses	55,285	2,012
Health insurance	54,165	14,091
Vacations	48,145	9,875
Training	3,308	986
Membership allowance for members of the Board of Directors	3,000	2,082
	1,226,393	618,699

(20) OTHER EXPENSES

	2023	2022
	JD	JD
Acquisition related expenses	111,019	193,864
Professional fees	54,897	11,281
Audit Fees	44,500	27,000
Fees and guarantee stamps	84,000	80,500
Board of directors' transportation and meetings allowance	69,090	221,142
Bank expenses and fees	39,263	12,725
Subscription fees	32,406	110,833
Fees and licenses of financial brokerage	25,805	8,333
Data filing fees	24,718	1,249
Medical expenses	24,300	-
Fines	23,747	-
Short term rent expense	23,104	-
Post, telephone and internet	22,825	24,191
Maintenance expenses	15,203	1,611
Stationary	13,222	4,601
Hospitality expense	12,705	-
Vehicles' expense	12,000	-
Water, electricity and heating	11,832	2,130
Advertisement	8,465	590
Board of directors Insurance	5,952	2,056
Management Fees – Jordan Kuwait Bank	2,974	1,897
Technical support expenses	2,670	9,995
Security expenses	1,056	-
Storage expenses	-	52,591
Cleaning expenses	-	16,490
Transportation allowance	-	16,403
Others	4,471	46,778
	670,224	846,260

(21) BASIC AND DILUTED EARNINGS PER SHARE

	2023	2022
	JD	JD
Profit (loss) for the year	(1,189,997)	231,207
Weighted average number of shares during the for the year	10,000,000	8,882,192
	JD/share	JD/ share
Earnings per share for the year	(0.12)	0.026

The basic net loss per share for the year equals the diluted loss per share as the Group did not issue any financial instruments that may have an impact on the basic earning per share.

(22) KEY SEGMENTS ANALYSIS

	Inside the Kingdom		Outside the Kingdom		Total	
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Net profits	3,059,575	2,810,504	-	-	3,059,575	2,810,504
Total expenses	(4,156,411)	(2,236,930)	-	-	(4,156,411)	(2,236,930)
Profit (loss) for the year before tax	(1,096,836)	573,574	-	-	(1,096,836)	573,574
Income tax					(93,161)	(342,367)
Profit (loss) for the year					(1,189,997)	231,207

	Inside the Kingdom		Outside the Kingdom		Total	
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Assets	29,244,050	30,546,412	-	-	29,244,050	30,546,412
Liabilities	23,015,025	22,703,459	-	-	23,015,025	22,703,459

(23) FAIR VALUE HIERARCHY

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

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

Level 2: quoted prices of similar financial assets and liabilities in active markets, or other price valuation techniques whose significant inputs are based on market data.

Level 3: pricing methods where not all significant inputs are based on observable market data. The Company has used its book value, which is the best available instrument for measuring the fair value of such investments.

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
31 December 2023				
Financial assets at fair value through other comprehensive income	1,402,903	-	-	1,402,903
31 December 2022				
Financial assets at fair value through statement of income	1,786,603	-	-	1,786,603

(24) RELATED PARTY TRANSACTIONS

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 in Jordan Kuwait Bank (the owner) and Board members of the bank and their relatives.

Balances with related parties are as follows:

	2023	2022
	JD	JD
Loan from related party (Note 13)		
Ejara Leasing Company (sister company) *	150,000	273,335
Due to related parties (Note 15)		-
Accounts payable / Jordan Kuwait Banks (Parent company)	-	2,086
Current accounts for related parties (Note 11)		
Current accounts at Jordan Kuwait Bank (Parent Company)	1,626,566	5,679,962
Due from related parties (Note 10)		
Invest bank receivable	400,000	-

* On 12 February 2020, the Company entered into a loan agreement of 600,000. This loan is to be paid under 20 instalments, with the first payment due on 15 May 2020.

The following transactions were carried out with related parties:

	2023	2022
	JD	JD
Commision income from related parties		
Jordan Kuwait Bank (Parent company)	21,593	5,299
Senior executive management	65	-
Board of Directors	800	47,974
	22,458	53,273
Expenses allocated from related parties		
Jordan Kuwait Bank (parent company)	8,002	22,903
Members of executive senior management	209,166	170,000
Board of Directors	85,056	80,500
Ejara loan (sister company)	30,800	31,633
	333,024	305,036

- Salaries, bonuses and benefits of senior executive management of the Company amounted to a total of 209,166 for the year ended 31 December 2023 (31 December 2022: JD 170,000).

(25) CONTINGENT LIABILITIES

At the date of consolidated financial position statement, the Group has liabilities that may arise, which include bank guarantees provided by Jordan Kuwait Bank, Invest Bank and Capital Bank amounting to JD 3,409,000 at 31 December 2023 (31 December 2022: JD 2,870,000). In addition, Al Mawared Company has liabilities that may arise which relate to a lawsuit against Al Mawared Company in the amount of JD 10,001.

(26) DEPOSITS OF SETTLEMENT GUARANTEE FUND

This amount represents total amounts deposited by the Company to The Securities Commission, this amount is determined according to the volume of trading in the Stock Exchange Market.

	2023	2022
	JD	JD
Deposits of settlement guarantee fund	100,000	50,000

(27) ACQUISITION OF SUBSIDIARIES

A- Al Mawared Financial Brokerage

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

	1 June 2022
	JD
Total assets	14,482,177
Total liabilities	1,013,185
Net Shareholder's equity*	13,468,992
Total comprehensive loss	375,555

* According to the signed agreement, dividends were excluded from the purchase price in the amount of JD 8,670,000.

Purchase price allocation study:

The purchase price allocation study has been performed by an independent party and has revealed that the purchase price is close to the fair value of the company.

B- Arab Financial Investment Company

On December 20, 2022, United Company for Financial Investments acquired the Arab Financial investments Company, whereby United Company for Financial Investments took full ownership of all the shares constituting the capital of Arab Financial investments Company, totaling 4,800,000 shares/Jordanian Dinar, against a total purchase price of 7,700,000 Jordanian Dinars.

	20 December 2022
	JD
Total assets	8,192,492
Total liabilities	1,292,322
Net Shareholder's equity*	6,900,170
Total comprehensive loss	(300,556)

Purchase price allocation study:

A purchase price allocation study has been performed by an independent company and a recognition of gains from the acquisition of Arab Company for Financial Investments in the amount of JD 458,225. This gain has resulted primarily from cash and margin receivables, and it has been recorded in the income statement.

Below is a comparison of fair value to net assets of the company with the purchase price:

	20 December 2022
	JD
Net book value of the company's assets	6,900,170
Accounts receivable provisions and margin financing no longer needed	1,558,611
Additional provisions for impairment of fair value for plots of land	(299,396)
Fair value for net assets of the company	8,159,385
Purchase price paid for acquisition	7,700,000
Bargain purchase	459,385

C- Financial group hermes

On 30 november 2023, United Financial Investments Company has acquired Financial Group Hermes Company, in which United Financial Investments Company purchases the entire shares of the Financial group hermes amounting to 3,000,000 share / JD in return for a total acquisition cost of JD 2,138,369.

	30 November 2023
	JD
Total assets	4,336,072
Total liabilities	2,187,790
Net Shareholder's equity	2,148,282
Total comprehensive loss	(255,985)

Purchase price allocation study:

A purchase price allocation study has been performed by an independent Company and a recognition of gains from the acquisition of Arab Company for Financial Investments in the amount of JD 85,504. This gain has resulted primarily from cash and margin receivables, and it has been recorded in the income statement.

Below is a comparison of fair value to net assets of the company with the purchase price:

	30 November 2023
	JD
Net book value of the company's assets	2,148,282
Accounts receivable provisions and margin financing no longer needed	92,939
Additional provisions for impairment of fair value for plots of land	(17,348)
Fair value for net assets of the company	2,223,873
Purchase price paid for acquisition	2,138,369
Bargain purchase	85,504