UNITED FINANCIAL INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

31 MARCH 2023

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	PAGE
REVIEW REPORT ON THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS	**1**
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**2**
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**3**
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	**4**
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	**5**
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	**6 – 23**

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of United Financial Investment Company (the "Company") and its subsidiaries (together referred to as "the Group") as at 31 March 2023 and the related interim condensed consolidated statement of comprehensive income, changes in equity and cash flows for the three months then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) "interim financial reporting" as amended by the Central Bank of Jordan's instructions. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (2410) "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not properly prepared, in all material respects, in accordance with IAS (34) as amended by the Central Bank of Jordan's instructions.

For and on behalf of PricewaterhouseCoopers "Jordan"

Hazem Hanna Sababa
License No. (802)

Certified Public Accountants
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Amman, Jordan
1 May 2023

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UNITED FINANCIAL INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2023

	Note	31 March 2023	31 December 2022
		JD (unaudited)	JD (audited)
ASSETS			
Non-current assets			
Property and equipment		927,563	654,005
Intangible assets		-	1,560
Seized assets	4	4,057,768	4,057,768
Right-of-use leased assets		17,371	18,674
Financial assets at fair value through other comprehensive income	5	4,244,660	1,786,603
Deposits of settlement guarantee fund		75,000	50,000
Deferred tax assets		960,562	957,467
		10,282,924	7,526,077
Current assets			
Due from related parties	15	1,715	-
Receivables from financial brokerage customers - net	6	13,744,778	12,748,910
Other debit balances		555,185	687,188
Cash on hand and at banks	7	6,306,826	9,584,237
		20,608,504	23,020,335
TOTAL ASSETS		30,891,428	30,546,412
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Authorized and paid-in capital	8	10,000,000	10,000,000
Statutory reserve	9	1,770,381	1,770,381
Voluntary reserve		40,873	40,873
Fair value reserve – net		(1,446,121)	(1,463,844)
Accumulated losses		(2,708,154)	(2,504,457)
NET SHAREHOLDERS' EQUITY		7,656,979	7,842,953
Liabilities			
Non-current liabilities			
Long -term loan	10	14,143,750	14,143,750
Lease liability		18,236	18,259
End of service provision		195,099	194,996
		14,357,085	14,357,005
Current liabilities			
Current portion of long-term loan	10	2,796,250	2,829,583
Due to banks	10	372,635	2,001,184
Current portion of lease liability		-	1,215
Payables - financial brokerage customers		4,326,992	1,761,055
Other credit balances		1,116,822	1,476,194
Due to related parties	15	-	2,086
Income tax provision	11	264,665	275,137
		8,877,364	8,346,454
TOTAL LIABILITIES		23,234,449	22,703,459
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		30,891,428	30,546,412

The attached notes from 1 to 16 are an integral part of these interim condensed consolidated financial statements

	Note	31 March 2023	31 March 2022
		JD (unaudited)	JD (unaudited)
Revenues			
Commission income of financial brokerage		206,612	130,214
Loss from the valuation of financial assets at fair value through profit and loss		-	(112,327)
Loss on sale of financial asset at fair value through profit and loss		-	(1,030)
Rental income		26,130	26,130
Interest Income		374,331	18,290
Other income		32,358	1,473
Net revenues		639,431	62,750
Expenses			
Employees expenses		(199,031)	(130,281)
Other expenses	12	(146,325)	(71,579)
Expected credit loss provision	6	(52,223)	-
Depreciation and amortization		(6,906)	(4,528)
Interest expense		(356,520)	(41,958)
Total expenses		(761,005)	(248,346)
Loss for the period before Income tax		(121,574)	(185,596)
Income tax expense	11	(82,123)	(9)
Total comprehensive loss for the period		(203,697)	(185,605)
Add:			
Other comprehensive income items			
Profits from valuation of financial assets at fair value through other comprehensive income		17,723	-
Total comprehensive loss for the period		(185,974)	(185,605)
Losses per share	13	(0.02)	(0.023)

The attached notes from 1 to 16 are an integral part of these interim condensed consolidated financial statements

	Authorized and paid in capital	Statutory reserve	Voluntary reserve	Fair value reserve – net	Accumulated losses	Net shareholders' equity
	JD	JD	JD	JD	JD	JD
2023						
(Unaudited)						
Balance as at 1 January 2023	10,000,000	1,770,381	40,873	(1,463,844)	(2,504,457)	7,842,953
Total comprehensive loss for the period	-	-	-	-	(203,697)	(203,697)
Profits from valuation of financial assets at fair value through other comprehensive income	-	-	-	17,723	-	17,723
Balance as at 31 March 2023	10,000,000	1,770,381	40,873	(1,446,121)	(2,708,154)	7,656,979
2022						
(Unaudited)						
Balance as at 1 January 2022	8,000,000	1,690,658	40,873	(35,505)	(2,125,051)	7,570,975
Total comprehensive loss for the period	-	-	-	-	(185,605)	(185,605)
Balance as at 31 March 2022	8,000,000	1,690,658	40,873	(35,505)	(2,310,656)	7,385,370

The attached notes from 1 to 16 are an integral part of these interim condensed consolidated financial statements

	Note	31 March 2023	31 March 2022
		JD (unaudited)	JD (unaudited)
Operating activities			
Loss for the period before income tax		(121,574)	(185,596)
Adjustments for:			
Depreciation and amortization		6,906	4,528
Expected credit loss provision	7	52,223	-
Loss on the valuation of financial assets at fair value through profit and loss		-	112,327
Loss on sale of financial asset at fair value through profit and loss		-	1,030
Provision for employee end of service fund		103	4,535
Interest income		(374,331)	(18,290)
Interest expense		356,520	41,958
Changes in working capital:			
Financial assets at fair value through profit and loss		-	2,320
Receivables – financial brokerage customers		(995,868)	(238,512)
Deposits of settlement guarantee fund		(25,000)	-
Other debit balances		132,003	(137,351)
Due from related parties		(1,715)	(448,496)
Due to related parties		(2,086)	(60,697)
Payables - financial brokerage customers		2,565,937	(133,819)
Other credit balances		(359,372)	27,150
Net cash flows generated from (used in) operating activities before income taxes paid		1,233,746	(1,028,913)
Income tax paid	11	(92,595)	-
Net cash flows generated from (used in) operating activities		1,141,151	(1,028,913)
Investing activities			
Purchases of property and equipment		(278,904)	(1,664)
Additions to seized assets	4	-	(8,278)
Interest income received		374,331	18,290
Additions to Financial assets at fair value through other comprehensive income		(2,440,334)	-
Net cashflows (used in) generated from investing activities		(2,344,907)	8,348
Financing activities			
Loan payments		(33,333)	(11,667)
Interest paid		(356,520)	(41,958)
Lease liability payments		(3,030)	-
Net cashflows used in financing activities		(392,883)	(53,625)
Net change in cash and cash equivalents		(1,596,639)	(1,074,190)
Cash and cash equivalents at 1 January	7	7,583,053	(700,856)
Cash and cash equivalents at 31 March		5,986,414	(1,775,046)

The attached notes from 1 to 16 are an integral part of these interim condensed consolidated financial statements

(1) GENERAL INFORMATION

United Financial Investment Company was established on 8 October 1995, according to the Companies Law in force, as a public shareholding limited company and registered with the Ministry of Industry and Trade under No. (297). The Company's capital was JOD 1,500,000, divided into 1,500,000 shares of JOD 1 per share. The Company's capital was increased multiple times to reach 10,000,000 JOD divided into 10,000,000 shares of JOD 1 each.

The Company's shares are listed on Amman Stock Exchange.

The Company is 78.4% owned by Jordan Kuwait Bank.

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 that of Jordan Kuwait Bank (Parent Company).

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

The interim condensed consolidated financial statements were approved by the Board of Directors on 26 April 2023.

(2) SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

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

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

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

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

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, the calculation results are compared according to IFRS (9) under the instructions of the Central Bank of Jordan No. (2009/47) of 10

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

a) low risk credit facilities, which do not require any provisions:

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

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

b) Acceptable risk credit facilities, which do not require provision:

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

1) Strong financial positions and adequate cash flows.
2) Contracted and covered with duly accepted guarantees.
3) Having good sources of repayment.
4) Active account movement and regular repayment of principal and interest
5) Efficient management of the client.

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

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

1) The existence of dues for a period of more than (60) days and less than (90) days for the principal of credit facilities and/or interest.
2) Exceeding the overdraft predetermined limit by (10%), and for a period of more than (60) days and less than (90) days.
3) Credit facilities that have previously been classified as non-performing credit facilities then reclassified from the list upon meeting the rescheduling criteria.
4) Acceptable-risk credit facilities that has been rescheduled twice in one year.
5) Credit facilities that have been expired for more than 60 days and less than (90) days 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) They are past due, or the maturity of one of their instalments, or default payment of the principal amount and / or interest, or dormant current debit account for the following periods:

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

2) Overdrafts that exceed the granting limit by (10%) and more, and for the duration of (90) days and more.
3) Credit facilities that have been expired for 90 days or more and have not been renewed.
4) Credit facilities granted to any customer declared bankrupt or to any company that has been deemed under liquidation.
5) Credit facilities that were restructured three times within a year.
6) Current and on-demand accounts overdrawn for (90) days or more.
7) The value of guarantees paid on behalf of the clients and were not credited to their accounts with past due of (90) days or more.

The expected credit losses provision against credit facilities is calculated in accordance with the 2009/47 instructions for this category of facilities according to the above ratios and the amount of unguaranteed credit facilities during the first year, while the allocation of the covered amount is completed at 25% and over four years.

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

The accounting policies used in preparing the consolidated financial statements are consistent with the accounting policies that were followed in preparing the consolidated financial statements for the year ended 31 December 2022, with the exception of the effect of applying new and revised IFRSs, which became effective for financial periods beginning on or after 1 January 2023, as mentioned in Note (2.2)

2.2 Basis of Consolidation

The consolidated financial statements of the Group include the financial statements of the Company and its controlled subsidiaries. Control is achieved when the Group 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.

The consolidated financial statements of United Financial Investments Company (the Company) and its subsidiaries (referred together as the Group) as of 31 December 2022 are as follows:

Subsidiary	Date of control	Place of business	Paid in capital	Percentage of ownership
			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

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 Group 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 Group's voting rights and potential voting rights

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group 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.

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 2022:

New standard	Description	Effective date
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	**The amendment to IAS 16 Property, Plant and Equipment (PP&E)** prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	**Minor amendments were made to IFRS 3 Business Combinations** to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1 January 2022

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	**The amendment to IAS 37** clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	**The following improvements were finalised in May 2020:** **IFRS 9 Financial Instruments –** clarifies which fees should be included in the 10% test for derecognition of financial liabilities. **IFRS 16 Leases** – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. **IFRS 1 First-time Adoption of International Financial Reporting Standards** – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. **IAS 41 Agriculture –** removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.	1 January 2022

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

New standards issued and not yet applicable or early adopted by the Group for the periods starting on or after 1 January 2023:

Standard	Description	Effective date
IFRS 17 Insurance Contracts	**IFRS 17** was issued in May 2017 as replacement for IFRS 4 Insurance Contracts.	1 January 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	**The narrow-scope amendments to IAS 1 Presentation of Financial Statements** clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.	1 January 2023 (deferred from 1 January 2022)
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	**The IASB amended IAS 1** requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. 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

Standard	Description	Effective date
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	**The amendments to IAS 12 Income Taxes** require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities. 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 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
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).	NA

Management doesn’t believe that the above standards will have any impact on the interim condensed consolidated financial statements of the Group once adopted or become effective.

There are no other applicable new standards and amendments to published standards or IFRS IC interpretations that have been issued and are effective for the first time for the Company’s financial year beginning on 1 January 2023 that are expected to have a material impact on the interim condensed consolidated financial statements of the Group.

(3) CAPITAL RISK MANAGEMENT

3.1 Capital risk factors

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

3.2 Market risk

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

A. Foreign exchange risk

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

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

B. Interest rate risk

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

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

Currency	Increase in interest rate	Impact on loss for the year
	%	JD
31 March 2023		
JD	1	173,309
31 December 2022		
JD	1	(181,745)

The effect of a decrease in interest rates by the same percentages is expected to be equal and opposite to the effect shown above.

C. Risks of changing stock prices

The change in the prices of shares traded in securities as at the date of the interim condensed consolidated financial statements by 5% increase or 5% decrease has the following impact on the results of the Company:

	Change in price	31 March 2023	31 December 2022
		JD (unaudited)	JD (audited)
Impact on profit and loss	5%	212,233	89,330

3.3 Liquidity risk

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

3.4 Credit risk

Financial assets that are subject to credit risk are limited to cash at banks and receivables and other debit balances. The Group only deals with financial institutions of sound credit rating. The Group has a policy for limiting the value exposed to credit risk at a single financial institution. Utilized credit limits are monitored on a regular basis.

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

	Credit Rating	31 March 2023 (Unaudited) JD	31 December 2022 (Audited) JD
Jordan Kuwait Bank	B+	3,823,053	5,679,962
Invest Bank	BB	2,516,832	2,867,197
Capital Bank	B1	8,000	-
Housing Bank	B1	4,881	-
Etihad Bank	B1	1,185	10,045
Ahli Bank	B+	-	1,021,125
		6,353,951	9,578,329

(4) SEIZED ASSETS

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

	31 March 2023 JD (unaudited)	31 December 2022 JD (audited)
Cost		
Beginning balance	4,057,768	3,394,086
Additions during the period/year	-	572.230
Disposals	-	(572.230)
Resulting of acquisition	-	717,265
Impairment	-	(53,583)
Ending balance	4,057,768	4,057,768

The Board of Directors, in its meeting held on 1 December 2019, decided to acquire a real estate in exchange for outstanding debts. Where the company evaluated this property by several real estate appraisers.

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

	31 March 2023 JD (unaudited)	31 December 2022 JD (audited)
Shares listed on Amman Stock Exchange	5,655,276	3,214,942
Change in fair value	(1,410,616)	(1,428,339)
	4,244,660	1,786,603

(6) RECEIVABLES FROM FINANCIAL BROKERAGE CUSTOMERS - NET

	31 March 2023	31 December 2022
	JD (unaudited)	JD (audited)
Receivables - financial brokerage customers	1,853,940	962,103
Receivables - margin trading customers*	14,934,012	3,597,277
Additions during the year resulting from acquisition	-	179,985
Additions during the year from acquisition - Margin	-	11,049,732
Receivables – Specialized Company	68,150	68,150
	16,856,102	15,857,247
Expected credit loss provision for financial brokerage customers and margin trading customers	(3,076,624)	(3,076,624)
Interests in suspense	(34,700)	(31,713)
	13,744,778	12,748,910

* The Company grants credit facilities to margin customers up to a maximum of 50% 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 values as per marginal financing instructions for the year 2006 issued by the Jordan Securities Commission, the details as of 31 March 2023 are as follows:

- The total market value of the portfolios JD 30,143,090 (2022: JD 2,456,934).
- The total funded by the company at JD 12,896,922 (2022: JD 1,295,882).
- The Total financed by customers (security margin) JD 16,881,756 (2022: JD 1,223,778).
- The percentage of amounts funded by customers to the total market value of the portfolios is 56% (2022: 57.9%).
  - The Company adopts a policy of obtaining adequate customer guarantees where appropriate to reduce the risk of financial losses arising from non-fulfillment of obligations. The Company takes an allowance for receivables that may not be collected in accordance with International Financial Reporting Standards (IFRS). The following table shows the maturity of due accounts receivable:

	31 March 2023	31 December 2022
	JD (unaudited)	JD (audited)
Receivables - brokerage customers		
1 – 7 days	100,195	207,220
8 – 30 days	901,494	25,724
31 – 60 days	44,899	7,149
61 – 90 days	1,358	60,161
91 – 120 days	1,476	-
Over 120 days	804,518	909,984
	1,853,940	1,210,238
Receivables - margin trading customers	14,934,012	3,597,277
Receivables – Specialized Company	68,150	-
Results from acquisition	-	11,049,732
	16,856,102	15,857,247

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

	31 March 2023	31 December 2022
	JD (unaudited)	JD (audited)
Balance as at 1 January	3,108,337	1,516,625
Provision for the Managerial Company	-	292,409
Acquisition - provision of Arab Company	-	854,621
Acquisition - provision of Al Mawared	-	412,969
Acquisition - interest deposits	-	31,713
Interest in suspense	2,987	-
Ending balance	3,111,324	3,108,337

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

	31 March 2023	31 December 2022
	JD (unaudited)	JD (audited)
Stage 1	40,460	55,857
Stage 2	20,048	1,664
Stage 3	3,050,816	3,050,816
	3,111,324	3,108,337

(7) CASH ON HAND AND AT BANKS

	31 March 2023	31 December 2022
	JD (unaudited)	JD (audited)
Cash on hand	5,098	5,908
Cash at banks	6,353,951	9,578,329
Total cash on hand and at banks	6,359,049	9,584,237
Expected credit losses	(52,223)	-
	6,306,826	9,584,237

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

	31 March 2023	31 December 2022
	JD (unaudited)	JD (audited)
Cash on hand and at banks	6,359,049	9,584,237
Bank overdrafts	(372,635)	(2,001,184)
	5,986,414	7,583,053

(8) AUTHORIZED AND PAID IN CAPITAL

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

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, whichever is higher, in which the paid-in capital became JD 10,000,000.

The Company is 78.4% owned by Jordan Kuwait Bank and the ultimate parent company is Al Rawabi Holding.

(9) STATUTORY RESERVE

In accordance with the requirements of the Jordanian Companies Law and the Bylaws, the Company shall deduct 10% of the annual net profits and transfer them to the statutory reserve. This deduction shall continue for each year, provided that the balance of the compulsory reserve shall not exceed 25% of the Company's capital. For the purposes of this Act, net profit represents profit before deduction of income tax provision. This reserve is not available for distribution to shareholders. A statutory reserve has not been deducted during the period ended 31 March 2023 and will be deducted at the end of each year.

(10) Loans and bank overdrafts

Bank overdrafts

The Group was granted short-term facilities from local banks with a ceiling of JD 4,750,000, as at 31 December 2022 (2021: JD 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 4.5, 7% and 9.25%% during the year 2022 (2021: 8%) The utilized balance as at 31 March 2023 amounted to JD 372,635 (2022: 2,001,184).

Bank loans

During the current year, the group has signed multiple bank agreements – loans – with multiple local banks with ceilings totalling JD 16,700,000. Annual interest rates on these loans range from 7.125% and 8%.

Long-term loans amounted to JD 14,143,750 and the short-term loans amounted to JD 2,829,583 as at 31 December 2022.

(11) INCOME TAX PROVISION

	31 March 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Balance at 1 January	275,137	300,837
Income tax paid	(92,595)	(269,033)
Income tax provision	-	(4,786)
Expense due on results of the period / year	82,123	248,119
Ending balance	264,665	275,137

Income tax expense presented in the income statement as following:

	31 March 2023	31 March 2022
	JD (unaudited)	JD (unaudited)
Expense due on profit for the year	(85,692)	(113,166)
Income tax paid	-	(135)
Deferred tax assets	3,569	(229,066)
	(82,123)	(342,367)

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

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

Al Mawared Brokerage Company has submitted tax returns for the years 2019, 2020 and 2021 on the legally specified date and those tax returns were accepted within the sampling system, however, they have not been audited by the Income and Sales Tax Department yet.

The company has submitted the tax return for the years 2017 and 2018 on the legally specified date and were accepted within the sampling system.

The Specialized Managerial Company reached a final settlement with the Income and Sales Tax Department until the end of 2017 and 2019 and the years 2018, 2020 and 2021 are under review.

The Arab Company for Financial Investments has reached a final settlement with the Income and Sales Tax Department until the end of 2018 and submitted the tax returns for the years 2019, 2020 and 2021 on the legally specified date, however, they have not been audited yet.

The income tax return for the fiscal year 2020 and 2021 was submitted to the Income and Sales Tax Department within the legal period and the tax declared in the return (if any) was paid.

(12) OTHER EXPENSES

	31 March 2023	31 March 2022
	JD (Unaudited)	JD (Unaudited)
Professional fees	35,048	6,222
Transportation and board expenses	27,000	17,500
Rent expense	16,125	-
Financial intermediation fees and licenses	10,836	5,087
Subscription fees	9,759	9,580
Stamps and guarantees commission	8,960	-
Medical expenses	7,798	-
Water, electricity and heating	4,008	297
Postage, phone and internet	2,191	1,626
Maintenance expenses	1,768	-
Expenses and bank fee	1,122	6,685
Fines	1,012	-
Hospitality expenses	926	159
Vehicle expenses	726	633
Stationary	628	459
Advertisements	308	60
Cleaning expenses	16	54
Others	18,094	23,217
	146,325	71,579

(13) LOSS PER SHARE

	31 March 2023	31 March 2022
	JD (Unaudited)	JD (Unaudited)
Loss for the period	(203,697)	(185,605)
Average number of shares for the period	10,000,000	8,000,000
Loss per share	(0.02)	(0.023)

The basic earnings per share of the period loss is equal to the diluted earnings per share as the Company did not issue any financial instruments.

(14) FAIR VALUE HIERARCHY

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

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

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

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

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
(Unaudited) 31 March 2023				
Financial assets at fair value through profit and loss	4,244,660	-	-	4,244,660
(Audited) 31 December 2022				
Financial assets at fair value through profit and loss	1,786,603	-	-	1,786,603

(15) 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 by the owning company Jordan Kuwait Bank and members of senior executive management and their families.

The balances with related parties were as follows:

	31 March 2023	31 December 2022
	JD (unaudited)	JD (audited)
Due to related parties		
Loan obtained from Ejara Leasing Company (Sister company) *	240,000	273,335
Accounts payable – Jordan Kuwait Bank – Parent Company	-	2,086
Due from related parties		
Jordan Kuwait Bank (Parent Company)	1,715	5,679,962

The following transactions were made with related parties:

	31 March 2023 JD (unaudited)	31 March 2022 JD (unaudited)
Revenues from related parties		
Jordan Kuwait Bank (Parent Company)	5,144	3,706
Executive management	-	11,149
	5,144	14,855
Expenses paid for related parties		
Jordan Kuwait Bank (Parent Company)	6,912	18,784
Board members	21,000	17,500
Executive management	42,500	53,402
Ejara Leasing Company (Sister company)	7,700	-
	78,112	89,686

Salaries, bonuses and benefits of senior executive management of the Company amounted to JD 42,500 for the period ended 31 March 2023 (31 March 2022: JD 53,402).

(16) CONTINGENT LIABILITIES

The Company has contingent liabilities that may arise in the normal course of business represented in bank guarantees by Jordan Kuwait Bank and Capital bank amounting to JD 2,559,000 as on 31 March 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.