

Jordanian Mutual Funds Management Company

" Limited public shareholding Co "

Amman – The Hashemite Kingdom of Jordan

The Interim Consolidated Financial Statements

& Independent Auditor's Report for the period ended at 31 March 2023

Jordanian Mutual Funds Management Company
" Limited public shareholding Co "
Amman – The Hashemite Kingdom of Jordan

Index

	<u>Page</u>
Review report	3-4
The Interim consolidated statement of financial position as at 31 March 2023	5
The Interim consolidated statement of comprehensive income for the period ended at 31 March 2023	6
The Interim consolidated statement of the changes in shareholders' equity for the period ended at 31 March 2023	7
The Interim consolidated statement of cash flows for the period ended at 31 March 2023	8
Accounting policies	9 - 11
Notes about the interim consolidated financial statements for March 2023	12 - 17

Amman : 26/04/2023

No : 60001/2023/355

To the General Assembly

Jordanian Mutual Funds Management Company

Limited Public Shareholding Company

Amman – Jordan

Introduction

We have reviewed the accompanying interim consolidated financial statements of **Jordanian Mutual Funds Management Company, PLC (Public Shareholding Company)**, comprising the interim consolidated statement of financial position as at 31 March 2023 and the related interim consolidated statement of comprehensive income, interim consolidated statement of changes in shareholding equity and interim consolidated statement of cash flows for the three months period then ended.

Management is responsible of the preparation and presentation of this interim consolidated financial information in accordance with international financial reporting standard (IAS 34) interim financial reporting. Our responsibility is to express a conclusion on this interim consolidated financial statement based on our review.

Scope of review

We conducted our review in accordance with the international standard on review engagements (2410) " review of interim financial information performed by the independent auditor of the entity ." a review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters , and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with international standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not fairly present, in all material respects, the financial position of the Jordanian Company Mutual Funds Management Company (a limited public shareholding company) as of March 31, 2023, its financial performance and its consolidated cash flows for the period then ended in accordance with International Accounting Standard No. 34 (Interim Financial Reporting).

Other Information

The Company's financial year ends on December 31 of each year and the accompanying interim condensed financial statements are prepared for management purposes and the requirements of the Securities Commission.

The Scientific Office for Auditing,

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Jamal M. Falah

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Jordanian Mutual Funds Management Company
" Limited public shareholding Co "
Amman – The Hashemite Kingdom of Jordan

The Interim consolidated statement of financial position as at 31 March 2023

	<u>Note</u>	<u>31-Mar-23</u> <u>JD</u>	<u>31-Dec-22</u> <u>JD</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash on hand and at banks	2	29,020	29,722
Financial assets at fair value through income statement	3	29,764	50,836
Other current assets	4	1,000	1,000
Accounts receivable	5	-	-
Total Current Assets		<u>59,784</u>	<u>81,558</u>
<u>Non-current Assets</u>			
Investments in associates	6	5,327,365	5,327,365
Financial assets at fair value through other comprehensive income	7	1	1
Property and equipment-net		5	5
Total Non-current Assets		<u>5,327,371</u>	<u>5,327,371</u>
Total Assets		<u>5,387,155</u>	<u>5,408,929</u>
<u>Liabilities and Shareholders' Equity</u>			
<u>Current Liabilities</u>			
Shareholders' acc.	8	195,762	195,762
Financial brokers payable		333,212	337,204
Other current liabilities		401,172	399,106
Associates' payable		190,385	190,385
Total Current Liabilities		<u>1,120,531</u>	<u>1,122,457</u>
<u>Shareholders' Equity</u>			
Authorized capital		6,500,000	6,500,000
Paid in capital		6,000,000	6,000,000
Share premium		3,000,000	3,000,000
Compulsory reserve		63,947	63,947
Fair value reserve		(99,999)	(99,999)
Retained losses		(4,697,324)	(4,677,476)
Net Shareholders' Equity		<u>4,266,624</u>	<u>4,286,472</u>
Total Liabilities and Shareholders' Equity		<u>5,387,155</u>	<u>5,408,929</u>

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The enclosed explanatory notes constitute an integral part hereof.

Jordanian Mutual Funds Management Company
" Limited public shareholding Co "
Amman – The Hashemite Kingdom of Jordan
The Interim consolidated statement of comprehensive income
for the period ended at 31 March 2023

	<u>Note</u>	<u>31-Mar-23</u> <u>JD</u>	<u>31-Mar-22</u> <u>JD</u>
Unrealized losses of financial assets in fair value through income statement		(5,144)	(62,514)
Realized losses of financial assets at fair value through income statement		(11,907)	(976)
Commissions on selling and purchasing financial assets through income statement		(25)	(8,385)
General and Administrative expenses	9	(2,772)	(4,365)
Revenue of provisions no longer needed		-	10,000
Losses of the period before tax		(19,848)	(66,240)
Income tax		-	-
Losses of the period after tax		(19,848)	(66,240)
<u>Other comprehensive income</u>			
Comprehensive income		-	-
Total comprehensive income of the period		(19,848)	(66,240)

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Jordanian Mutual Funds Management Company

" Limited public shareholding Co "

Amman – The Hashemite Kingdom of Jordan

The Interim consolidated statement of the changes in shareholders' equity for the period ended at 31 March 2023

	<u>Capital</u>	<u>Share premium</u>	<u>Compulsory reserve</u>	<u>Fair value reserve</u>	<u>Retained losses</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
<u>Balance at 31 December 2022</u>	6,000,000	3,000,000	63,947	(99,999)	(4,677,476)	4,286,472
Period losses	-	-	-	-	(19,848)	(19,848)
<u>Balance at 31 March 2023</u>	<u>6,000,000</u>	<u>3,000,000</u>	<u>63,947</u>	<u>(99,999)</u>	<u>(4,697,324)</u>	<u>4,266,624</u>

<u>Balance at 31 December 2021</u>	6,000,000	3,000,000	63,947	(99,999)	(3,514,599)	5,449,349
Period losses	-	-	-	-	(66,240)	(66,240)
<u>Balance at 31 March 2022</u>	<u>6,000,000</u>	<u>3,000,000</u>	<u>63,947</u>	<u>(99,999)</u>	<u>(3,580,839)</u>	<u>5,383,109</u>

Retained losses at the end of the period include unrealized losses of financial asset's if fair value with the amount of " 5,144 " JD .

(6 /17)

Jordanian Mutual Funds Management Company
" Limited public shareholding Co "
Amman – The Hashemite Kingdom of Jordan
The Interim consolidated statement of cash flows
for the period ended at 31 March 2023

	<u>31-Mar-23</u> <u>JD</u>	<u>31-Mar-22</u> <u>JD</u>
<u>Cash flows from operations activities</u>		
Period loss	(19,848)	(66,240)
<u>Add Non-cash Items</u>		
Differences of evaluating financial assets at fair value through the income statement.	5,144	62,514
Operation losses before changing in working capital	(14,704)	(3,726)
Financial assets in fair value through comprehensive income	15,928	22,969
Accounts payable and other current liabilities	(1,926)	(11,367)
Net cash from operations activities	(702)	7,876
<u>Cash from investment activities</u>		
Property and equipment	-	4
Net cash from investment activities	-	4
Net cash from activities	(702)	7,880
Cash opening balance	29,722	33,352
Cash closing balance	29,020	41,232

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" Limited public sharcholding Co "

Amman – The Hashemite Kingdom of Jordan

Accounting policies

Basic of Preparing the Interim Financial Statements:

- The interim financial statements were prepared according to the Historical Cost Principle except for the financial assets available for sale which are reflected at the fair value.
- The consolidated financial statements were prepared in accordance with International Accounting Standard 34 (Preparation of Interim Financial Reports) and in accordance with the laws and instructions in force for the principle of historical cost and in accordance with International Accounting Standard 34 (Preparation of Interim Financial Reports) and in accordance with the laws and instructions in force for the principle of Historical cost.
- The financial statements are presented in Jordanian Dinar; the functional currency of the Company, and the amounts are rounded to the nearest Dinar.
- The accounting policies for the current period are similar with the accounting policies of the previous period.
- The results of this interim do not necessarily represent the expected result for the whole financial year.

The Basis for Consolidation of the Financial Statements

The consolidated financial statements include assets, liabilities and the business results of Jordanian Mutual Funds Management Company PLC; Ithmar Transportation Company, which is 100% owned by the parent Company.

Use of Estimates:

Preparing financial statements and applying accounting policies require the Management of the Company to make some estimates and suppositions that may affect the financial statements and the accompanying notes. Such estimates are based on assumptions of different accuracy and certainty. Therefore, actual results in the future may differ from the Management's estimates due to the variations of conditions and circumstances of these assumptions

Below are the most important estimates applied in the preparation of the financial statements:

- Management periodically reevaluates the useful life of tangible assets for the purpose of calculating the annual depreciation based on the general condition of those assets and estimated useful life in the future. The impairment loss (if any) is taken in the income statement.
- Management periodically reviews financial assets that are presented at cost to estimate any impairment in value and are stated in the consolidated statement of income.
- The Management of the Company estimates the value of the provision for bad debts taking into consideration the possibility of collecting such liabilities.

Jordanian Mutual Funds Management Company
"Limited Public Shareholding Co."
Amman – The Hashemite Kingdom of Jordan
Accounting Policies

Cash on Hand and at Banks

This Item constitutes the cash and cash equivalents in hand, at bank current accounts of the Company and the short-term investments due within three months and can be turned in a known amount of cash with no change in value risks.

Financial Assets at Fair Value Through the Income Statement

Investing in shares and bonds held for trading to gain profit from short-term market fluctuations. Change differences are recorded in the fair value of the financial assets defined at fair value from the other comprehensive income. The limited value of financial assets in the other comprehensive income statement that have market prices in active financial markets are demonstrated at fair value after deducting the impairment accumulated losses in their fair value.

The limited value of financial assets in the other comprehensive income statement that do not have market prices and which their fair value could not be reliably defined, are demonstrated at cost and any impairment in their value is recorded in the other comprehensive income statement.

The distributed dividends or acquired benefits from these assets are recognized in the income statement.

Checks Under Collection

Checks under collection are presented at fair value upon receipt.

Date of Financial Assets Recognition

The purchase and sale of financial assets are recognized on the trade date (the date on which the Company commits to sell or purchase the financial asset.)

Fair Value

Closing prices in active markets represent the fair value of financial assets. In the absence of quoted prices or lack of active trading for certain financial assets, their fair value will be estimated by comparing them to the fair value of a similar financial instrument or by calculating the present value of future cash flows. If the fair value of the financial asset cannot be reliably measured, it will be presented at cost after deducting any impairment in value.

Accounts Receivable

Accounts receivable are reflected at cost after deducting the provision for bad debts. Debts are written off when there is subjective evidence on the possibility of not collecting liabilities.

Jordanian Mutual Funds Management Company
"Limited Public Shareholding Co."
Amman – The Hashemite Kingdom of Jordan
Accounting Policies

Property & Equipment

Property, equipment and machinery are stated at historical cost after deducting accumulated depreciation, and are depreciated (except of lands) when they are ready for use using a straight line method over their expected useful life using percentages of (2-20%).

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets are recorded at fair value through statement of comprehensive income when buying at fair value in addition to acquisition expenses and revalued subsequently at fair value; the change is shown at fair value in the statement of comprehensive income and in equity, including the change in fair value that results from exchange differences in non-cash items in foreign currencies. In the case of selling these assets or part of them thereof the results of profits or losses are recorded in the statement of comprehensive income and in equity. And the evaluated sold asset reserve balance is transferred directly to the retained earnings and not through the income statement.

These assets are not subject to this impairment loss test, and the dividends distributed are recorded in the income statement.

Other Liabilities

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

Provisions

The Provisions are recognized when the company is under a (legal or expected) obligation resulting from a previous event and the payment of the obligations is probable. Its value may be measured reliably.

Setoff

Financial assets and financial liabilities are set-off and the net amount is reflected in the financial statements upon the availability of legally binding rights, and when they are settled on the setoff basis or when assets realization and liabilities settlements take place at the same time.

Jordanian Mutual Funds Management Company
"Limited Public Shareholding Co."
Amman – The Hashemite Kingdom of Jordan
Accounting Policies

Revenue Recognition

Revenues are recognized according to the accrual basis.

Foreign Currencies

Transactions made in foreign currencies are registered at the current exchange rates on the date of conducting such transactions. Financial liabilities and assets balance are transferred to foreign currency by using current exchange rates on the date of financial statements by the Central Bank of Jordan. Profits and losses arising from balances exchange to foreign currency are registered in foreign currencies in the income statement.

Income Tax

Income tax is calculated on the basis of taxable profits. Taxable profits differ from the reported profits in the financial statements because the declared profits include non-taxable income or non-deductible expenses in the fiscal year but sometimes in subsequent years. Also, accumulative losses that are taxable or non-taxable or acceptable for deduction for tax purposes.

Jordanian Mutual Funds Management Company
"Limited Public Sharcholding Co."
Amman – The Hashemite Kingdom of Jordan
Notes about the interim consolidated financial statements
for the period ended at 31 st March 2022

1. General:

The Establishment of the Company:

- Jordanian Mutual Funds Management Company was established as a public sharcholding company and registered at the registry of the public sharcholding companies at the Companies Control Department under No. 446 on 15/11/2007. the former name of the company was "Al-Fatihoun Al-Arab for Investment ", the name was changed by the General Assembly in its extraordinary meeting held on 03/10/2015 to "Arabian Aviation Investment Company." Also, the name of the company was changed again to " Jordanian Mutual Funds Management Company" by the General Assembly in its extraordinary meeting held on 01/08/2018.
- The interim consolidated financial statements were approved by the Board of Directors on 26/04/2023.

Company purpose :

- The objective of the company is to establishing mutual funds, managing the investment funds, purchase and sales of stocks and share for business purposes except for financial brokerage.

Jordanian Mutual Funds Management Company
" Limited public shareholding Co "
Amman – The Hashemite Kingdom of Jordan
Notes about the interim consolidated financial statements for March 2023

2- Cash on hand and at banks:

<u>Description</u>	<u>31-Mar-23</u> <u>JD</u>	<u>31-Dec-22</u> <u>JD</u>
Cash and checks at hand	29,020	29,720
Cash at banks	-	2
Total	29,020	29,722

3- Financial assets in fair value through income statement:

<u>Description</u>	<u>Shares</u> <u>2023</u>	<u>31-Mar-23</u> <u>JD</u>	<u>Shares</u> <u>2022</u>	<u>31-Dec-22</u> <u>JD</u>
Century Investment Group Co.	5,216	1,148	5,216	1,460
Arab Union International insurance Co.	34,420	11,014	34,420	16,866
Rum Financial Brokerage Co.	42,932	17,602	51,603	32,510
Total		29,764		50,836

4- Other current assets :

<u>Description</u>	<u>31-Mar-23</u> <u>JD</u>	<u>31-Dec-22</u> <u>JD</u>
Guarantee insurance	1,000	1,000
Total	1,000	1,000

5- Accounts receivable:

<u>Description</u>	<u>31-Mar-23</u> <u>JD</u>	<u>31-Dec-22</u> <u>JD</u>
Clients accounts	58,508	58,508
Returned Checks under collection / for account receivable	91,848	91,848
Total	150,356	150,356
Provisions of impairment of accounts receivable	(150,356)	(150,356)
Total	-	-

- The movements for the provision of impairment of accounts receivable during the period is as follows :

<u>Description</u>	<u>31-Mar-23</u> <u>JD</u>	<u>31-Dec-22</u> <u>JD</u>
Balance at the beginning	150,356	172,856
Addition	-	(12,500)
Debt exccution	-	(10,000)
Total	150,356	150,356

Jordanian Mutual Funds Management Company

" Limited public shareholding Co "

Amman – The Hashemite Kingdom of Jordan

Notes about the interim consolidated financial statements for March 2023

6- Investment in associated :

- This Item constitutes the Company's investments in other companies by no less than 20% and no more than 50% of the total voting rights of these companies.

<u>Description</u>	<u>Ownership percentage</u>	<u>31-Mar-23 JD</u>	<u>31-Dec-22 JD</u>
Rum Aviation Investment Co.	36.40%	5,327,365	5,327,365
Total		<u>5,327,365</u>	<u>5,327,365</u>

- Below is a summary of the investment transactions during the period :

	<u>Opening balance JD</u>	<u>Share from operations result JD</u>	<u>Closing balance JD</u>
Rum Aviation Investment Co.	5,327,365	-	5,327,365
Total	<u>5,327,365</u>	<u>-</u>	<u>5,327,365</u>

Below is the most important information about the companies in which the Company invests:

<u>Description</u>	<u>Capital</u>	<u>Shared owned</u>	<u>Main objectives</u>	<u>Establishment date</u>
Rum Aviation Investment Co.	14,000,000	5,100,000	Financial investments	23-05-2010

- The share of the business results of the associate company (Rum Investment Company in Air Transport) was not shown during this period due to the non-issuance of interim financial statements of the associate company (Rum Investment Company in Air Transport)

Jordanian Mutual Funds Management Company
" Limited public shareholding Co "
Amman – The Hashemite Kingdom of Jordan
Notes about the interim consolidated financial statements for March 2023

7- Financial assets in fair value through other comprehensive income :

This Item constitutes the Company's investments in other companies by no more than 20% of the voting rights, and it does not have any control over it.

<u>Description</u>	<u>Ownership percentage</u>	<u>31-Mar-23</u> <u>JD</u>	<u>31-Dec-22</u> <u>JD</u>
Arkan Financial Investments Co.	14.28%	100,000	100,000
Fair Value Reserve		(99,999)	(99,999)
Total		<u>1</u>	<u>1</u>

Below is the transaction on fair value reserve during for period :

<u>Description</u>	<u>31-Mar-23</u> <u>JD</u>	<u>31-Dec-22</u> <u>JD</u>
Opening Balance	(99,999)	(99,999)
Share from current year business results	-	-
Closing Balance	<u>(99,999)</u>	<u>(99,999)</u>

Below is the most important information about the companies in which the Company invests:

<u>Description</u>	<u>Investment</u>	<u>Legal capacity</u>	<u>Main objectives</u>	<u>Capital</u>	<u>Establishment date</u>
Arkan Financial Investments Co.	100,000	Private holding co.	Financial investments	2,500,000	20-12-2016

Jordanian Mutual Funds Management Company

" Limited public shareholding Co "

Amman – The Hashemite Kingdom of Jordan

Notes about the interim consolidated financial statements for March 2023

8- Shareholders acc :

The shareholders' balance of decreasing the number of shares resulting from decreasing the capital in previous years, as well as the subscription refunds.

9- General & Administrative expenses:

<u>Description</u>	<u>31-Mar-23</u> <u>JD</u>	<u>31-Mar-22</u> <u>JD</u>
Rent exp	600	1,375
Professional fees	1,770	2,870
Governmental fees	396	21
Miscellaneous	-	90
Bank expenses	6	9
Total	2,772	4,365

Jordanian Mutual Funds Management Company
"Limited Public Shareholding Co."
Amman – The Hashemite Kingdom of Jordan
Notes about the interim consolidated financial statements for March 2023

10- Financial Instruments:

a. Fair Value:

The book value of the financial instruments, which are cash, receivables and payables, and loans approximate to their fair value.

The notes to these financial statements show the fair values of these financial instruments, and some accounting policies also show the methods used to evaluate these financial instruments.

b. Credit Risks:

The Company keeps the balances and deposits with efficient credit banks.

- **Market Price Risks:**

It is the risk of the variation in the financial instruments value due to change in the market price. The financial instruments presented in the consolidated financial position statement is not at market price risk.

- **Foreign Currency Rates Risks:**

Foreign currency risks are represented in the risk of fluctuation of the value of the financial instruments due to the fluctuations of foreign currency rates. Since most of the transactions of the company are in Jordanian Dinar, with some in US Dollar, the sensitivity of the profits of the company and equity to changes in foreign exchange rates is considered immaterial.

- **Interest Rate Risks:**

Most of the financial instruments appearing in the balance sheet are not subject to any interest rate risk, with the exception of banking facilities, loans and current accounts.