

Rum Financial Brokerage

"Public Shareholding Company"

Amman- The Hashemite Kingdom of Jordan

Interim Financial Statements &Independent

Auditor's Report As at March 31, 2024

Rum Financial Brokerage

"Public Shareholding Company"

Amman- The Hashemite Kingdom of Jordan

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Amman: 18/04/2024

No : 344/2024/60004

Messrs: Rum Financial Brokerage
"Public Shareholding Company"
Amman – The Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying interim financial statements for **Rum Financial Brokerage " Public shareholding Co "**, comprising the interim statement of financial position as at 31 March 2024 and the related interim statement of comprehensive income, interim statement of changes in shareholders equity and interim statement of cash flows for the three months' then ended.

Management responsibility on financial statement:

Management is responsible of the preparation and presentation of this interim financial information in accordance with international financial reporting standard (IAS 34) interim financial reporting. Our responsibility is to express a conclusion on this interim condensed 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, it has not come to our attention that the accompanying interim financial statements does not fairly present, in all material respects, the financial position of Rum Financial Brokerage Company (Public Shareholding Company) as at March 31, 2024, and its financial performance and cash flows for the period then ended, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

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

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Public Accountants

Rum Financial Brokerage
" Public Shareholding Company "
Amman- The Hashemite Kingdom of Jordan
The interim financial position as at 31st March 2024

	Note	31-Mar-2024	31-Dec-2023
<u>Assets</u>		<u>JD</u>	<u>JD</u>
<u>Current Assets</u>			
Cash on hand and at banks	2	1,265,039	864,512
Accounts receivable - financial brokerage clients	3	2,281,635	2,383,236
Accounts receivable - foreign broker		104,803	104,803
Foreign brokerage clients - profits & losses		54,545	54,545
Securities Depository Center settlements		10,009	-
Other current assets	4	113,970	87,934
Total Current Assets		3,830,001	3,495,030
<u>Non-current Assets</u>			
Financial assets at the fair value through other comprehensive income	5	164	234
Guarantees deposits		427,513	427,513
Contributions to Settlement Guarantee Fund	6	26,174	25,000
Intangible assets	7	47,626	51,699
Property and equipment, net	8	17,319	18,972
Total Non-current Assets		518,796	523,418
Total Assets		4,348,797	4,018,448
<u>Liabilities and Shareholders' Equity</u>			
<u>Current Liabilities</u>			
Brokerage client / accounts payable / local		1,200,605	649,451
Brokerage client / accounts payable / foreign		55,060	192,800
Related parties accounts	9	433	54
Securities Depository Center settlements		-	49,296
Other current liabilities	10	112,629	118,068
Total Current Liabilities		1,368,727	1,009,669
<u>Shareholders' Equity</u>			
Authorized capital		5,000,000	5,000,000
Paid capital		4,000,000	4,000,000
Compulsory reserve		5,800	5,800
Fair value reserve		(2,479)	(2,409)
Retained losses		(1,023,251)	(994,612)
Net Shareholders' Equity		2,980,070	3,008,779
Total Liabilities and Shareholders' Equity		4,348,797	4,018,448

The accompanying notes constitute an integral part of this statement

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Rum Financial Brokerage
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The Interim statement of comprehensive income for the period ended at 31 st March 2024

	<u>Note</u>	<u>31-Mar-2024</u> <u>JD</u>	<u>31-Mar-2023</u> <u>JD</u>
<u>Revenues</u>			
Brokerage commission revenues		28,114	41,502
Forex brokerage commission revenues		-	19,263
Other revenues		33,248	109,105
Total revenues		61,362	169,870
<u>Expenses</u>			
Employees benefits		(37,612)	(55,968)
Depreciation and amortization		(5,726)	(5,761)
Employee impairment charges		(1,979)	-
Administrative and general expenses	11	(44,684)	(63,012)
Total expenses		(90,001)	(124,741)
Profit of the period		(28,639)	45,129
<u>Comprehensive income items</u>			
Change in fair value		(70)	(60)
Total Comprehensive income		(28,709)	45,069
		<u>JD / Fils</u>	<u>JD / Fils</u>
Earnings per share (Basic and diluted)	12	(0.007)	0.011

The accompanying notes constitute an integral part of this statement
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Rum Financial Brokerage
" Public Shareholding Company "
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The Interim statement of the changes in shareholders' equity for the period ended at 31 st March 2024

	<u>Capital</u>	<u>Compulsory</u>	<u>Fair value</u>	<u>Retained</u>	<u>Total</u>
	<u>JD</u>	<u>reserve</u>	<u>reserve</u>	<u>losses</u>	<u>JD</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance at 31 December 2023	4,000,000	5,800	(2,409)	(994,612)	3,008,779
Profit of the period	-	-	-	(28,639)	(28,639)
Change in the fair value reserve	-	-	(70)	-	(70)
Balance at 31 March 2024	4,000,000	5,800	(2,479)	(1,023,251)	2,980,070
<hr/>					
Balance at 31 December 2022	4,000,000	5,800	(2,370)	(396,562)	3,606,868
Profit of the period	-	-	-	45,129	45,129
Change in the fair value reserve	-	-	(60)	-	(60)
Balance at 31 March 2023	4,000,000	5,800	(2,430)	(351,433)	3,651,937

The accompanying notes constitute an integral part of this statement

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Rum Financial Brokerage
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The Interim statement of cash flows for the period ended at 31 st March 2024

	<u>31-Mar-2024</u>	<u>31-Mar-2023</u>
	<u>JD</u>	<u>JD</u>
<u>Cash flows from operational activities</u>		
Profit (loss) of the period	(28,639)	45,129
Depreciation & amortization exp	5,726	5,761
Operational profit (loss)	(22,913)	50,890
<u>Changes in the working capital items</u>		
Securities Depository Center Settlements	(59,305)	(136,345)
Brokerage clients / Accounts receivable / Local and foreign	101,601	(634,634)
Other currents assets	(26,036)	(21,577)
Contributions to Settlement Guarantee Fund	(1,174)	(984)
Guarantees insurances	-	(10,000)
Brokerage clients & Accounts payable & Related party accounts	413,793	970,609
Other credit liabilities	(5,439)	30,232
Net cash from operational activities	400,527	248,191
<u>Cash flows from investment activities</u>		
Property and equipment	-	(208)
Net cash flows from investment activities	-	(208)
Change in the cash	400,527	247,983
cash at beginning	864,512	842,296
Cash at Ending	1,265,039	1,090,279

The accompanying notes constitute an integral part of this statement
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Rum Financial Brokerage
"Public Shareholding Company"
Amman- The Hashemite Kingdom of Jordan
Accounting Policies

Basic of Preparing the Interim Financial Statements

- The accompanying interim financial statements were prepared in accordance with the International Accounting Standard 34 (Interim Financial Reports).
- 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 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.

- **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.

- **Cash on Hand and at Banks**

Are represented by cash on hand and at banks and they do not involve risks of change in their value.

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Accounting Policies

- **Accounts Receivable**

Accounts receivable is 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. The collected amounts of written-off debts are added to the revenues.

- **Financial Assets at Amortized Cost**

Financial instruments such as bills receivable, accounts receivable, due to banks, loans, accounts payable and accrued expenses are demonstrated at amortized cost by using the actual revenue method after deducting any impairment loss.

- **Financial Assets at Fair Value Through the Comprehensive Income Statement**

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 profits and losses resulting from the differences of foreign currencies exchange to interest-bearing debentures are recorded at fair value through the other comprehensive income statement. While, the differences of foreign currencies exchange for equity instruments are recorded in the accumulated change at fair value within the equity rights.

- **Property, Equipment, and Accumulated Depreciation**

Property and equipment are demonstrated at cost after deducting the accumulated depreciation. They are depreciated when they are ready for use on the basis of the straight-line method over their expected useful life by using the following annual rates:

Furnishings, furniture, and decorations	20%
Office supplies and computers	15%

When the recoverable amount of any property or equipment is less than their book value, their value shall be diluted and the remaining book value over the useful life is depreciated after the reevaluation of the reassessed year.

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Accounting Policies

- **Accounts Payable and Accruals**
Accounts payable and accruals are recognized after taking an advantage of the provided services for the Company, whether they were claimed by the supplier or not.
- **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.
- **Provisions**
Provisions are recorded when there are legal or expected obligations of the company as a result of previous events where cash amounts are likely to be paid to fulfill such obligations. On the date of the financial position, the allocated provisions are reviewed and adjusted based on the latest information available to the Management.
- **Recognition of Revenues**
Revenues are realized upon buying or selling shares to the clients of the company and issuing invoice for them.
Interests revenues are realized on a time base to reflect the actual revenue on assets.
The distribution of the investment profits is recognized upon being approved by the General Assemblies of the investment companies.
Other revenues are realized according to the accrual basis.
- **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.)
- **Impairment in the Financial Assets**
The Company reviews the value of the financial assets stated in the records of the company at the date of the financial statements to determine if there are indications of impairment in their value. In case of such indications, the recoverable fair value of the assets is estimated to define the impairment loss. In case the recoverable value is less than the net book value stated in the records of the Company, the impairment value will be stated in the comprehensive income statement.
- **Income Tax**
The Company is subjected to the Income Tax Law, as amended, and the instructed by the Income Tax Department in the Hashemite Kingdom of Jordan. The book takes place in accordance with the accrual basis where the provision for income tax is calculated according to the adjusted profit basis.

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Rum Financial Brokerage
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Accounting Policies

1- General:

- **Rum Financial Brokerage**, (Al-Safwah Financial Investment Co. previously) was established on 05/09/2005 as a limited liability company under No.(10698) with a capital of (2,469,232) JD/Share. The company has been converted into a public shareholding company under No. (457) on 17/08/2008, with an authorized capital become (4 Million) JD / Share , and the paid capital (4) Million JD / Share , As of November 28, 2023, the authorized capital was increased to 5 million dinars per share. However, the legal procedures were not completed as of the date of the financial statements.
- The accompanying financial statements were approved by the Board of Directors on 18/04/2024 .

Objectives of the Company:

- Financial brokerage.
- financial consultancy.

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Notes to the interim financial statements for March 2024

2- Cash on hand and at banks :

<u>Description</u>	<u>31-Mar-2024</u>	<u>31-Dec-2023</u>
	<u>JD</u>	<u>JD</u>
Cash and check on hand	349	103
Cash at banks/ client notes	1,263,375	724,211
Cash at banks/ client notes/ foreign	514	138,255
Cash at banks	801	1,943
Total	<u>1,265,039</u>	<u>864,512</u>

3- Brokerages Client / Accounts Receivable :

<u>Description</u>	<u>31-Mar-2024</u>	<u>31-Dec-2023</u>
	<u>JD</u>	<u>JD</u>
Brokerages client / Accounts Receivable	3,831,625	3,933,236
Less provision for impairment of accounts recivables	(1,550,000)	(1,550,000)
Total	<u>2,281,625</u>	<u>2,383,236</u>

The movement on the provision for impariment of account recievables during the period is as follows :

<u>Description</u>	<u>31-Mar-2024</u>	<u>31-Dec-2023</u>
	<u>JD</u>	<u>JD</u>
Balance at the beginning of the year	1,550,000	1,110,000
Addition	-	449,867
Bad debt	-	(9,867)
Balance at the end of the period	<u>1,550,000</u>	<u>1,550,000</u>

4- Other Current Assets :

<u>Description</u>	<u>31-Mar-2024</u>	<u>31-Dec-2023</u>
	<u>JD</u>	<u>JD</u>
Other receivables	44,036	40,886
Pre-paid exp.	69,934	45,069
Employees advance	-	1,979
Total	<u>113,970</u>	<u>87,934</u>

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Notes to the interim financial statements for March 2024

5- Financial Assets at Fair Value through Other Comprehensive Income :

<u>Description</u>	<u>Number of shares 2024</u>	<u>31-Mar-2024 JD</u>	<u>Number of shares 2023</u>	<u>31-Dec-2023 JD</u>
Century investment group Co.	1,000	164	1,000	234
Total		164		234

6- Contribution to settlement guarantee fund :

This balance represents the value of cash contribution incurred upon the company in accordance with the requirements of the Securities Depository Center in favor of Settlement Guarantee Fund.

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Notes to the interim financial statements for March 2024

7- Intangible Assets

	<u>brokerage license</u> <u>JD</u>	<u>Software License</u> <u>JD</u>	<u>Computer Software</u> <u>JD</u>	<u>Total</u> <u>JD</u>
<u>Cost</u>				
Balance at December 31, 2023	50,000	17,891	38,844	106,735
Additions	-	-	-	-
Balance as at March 31, 2024	50,000	17,891	38,844	106,735
<u>Amortization</u>				
Balance at December 31, 2023	20,000	6,239	28,797	55,036
Additions	2,500	780	793	4,073
Balance as at March 31, 2024	22,500	7,019	29,590	59,109
Book value as at March 31, 2024	27,500	10,872	9,254	47,626
Book value as at December 31, 2023	30,000	11,652	10,047	51,699

8- Net value of Property and equipment :

	<u>Furniture & decorations</u> <u>JD</u>	<u>Office equipment and computers</u> <u>JD</u>	<u>Total</u> <u>JD</u>
<u>Cost</u>			
Balance as at December 31, 2023	71,480	98,837	170,317
Additions	-	-	-
Balance as at March 31, 2024	71,480	98,837	170,317
<u>Accumulated depreciation</u>			
Balance at December 31, 2023	68,004	83,341	151,345
Additions	322	1,331	1,653
Balance as at March 31, 2024	68,326	84,672	152,998
Book value as at March 31, 2024	3,154	14,165	17,319
Book value as at December 31, 2023	3,476	15,496	18,972

9- Related Parties Accounts :

	<u>31-Mar-2024</u> <u>JD</u>	<u>31-Dec-2023</u> <u>JD</u>
<u>Description</u>		
Financial brokerage / board's members	34	34
Employee Accounts	399	20
Total	433	54

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Notes to the interim financial statements for March 2024

10- Other Current Liabilities :

<u>Description</u>	<u>31-Mar-2024</u>	<u>31-Dec-2023</u>
	<u>JD</u>	<u>JD</u>
Other accounts payable	63,175	71,956
Employees' accounts payable	45,917	42,230
Other deposits	3,537	3,882
Total	112,629	118,068

11- Administrative and General Expenses :

<u>Description</u>	<u>31-Mar-2024</u>	<u>31-Mar-2023</u>
	<u>JD</u>	<u>JD</u>
Rent-exp	3,750	6,625
Fees and subscriptions	10,315	34,499
Business development expenses	6,000	-
Post, phone and internet	2,369	3,121
Professional fees	5,123	3,004
Health insurance	1,680	2,623
Water and electricity	1,095	1,419
Miscellaneous	5,792	9
Stationery and computer supplies	796	764
Advertisement expenses	220	1,670
Trading errors	297	300
Banks exp.	6,134	7,513
Hospitality and cleaning	532	555
Transportation	306	320
Legal exp.	275	590
Total	44,684	63,012

Rum Financial Brokerage
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Notes to the interim financial statements for March 2024

12- Earnings Per Share (Basic & Diluted) :

<u>Description</u>	<u>31-Mar-2024</u>	<u>31-Mar-2023</u>
	<u>JD</u>	<u>JD</u>
Profit for the period	(28,639)	45,069
	<u>Share</u>	<u>Share</u>
Weighted average of shares number	4,000,000	4,000,000
	<u>JD / Share</u>	<u>JD / Share</u>
Basic and diluted earning per share	<u>(0.007)</u>	<u>0.011</u>

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Notes to the interim financial statements for March 2024

13- Risk Management

Interest Rate Risks

Interest rate risks result from the potential effect of changes in interest rates on profits of the company or the fair value of financial instruments. Since most of the financial instruments have fixed interest rate and are represented at amortized cost, the variability of the profits of the company and equity to changes in interest rate is considered inessential.

Credit Risks

Credit risks are risks resulting from inability or failure of the other party of the Financial Management to meet the obligations thereof to the company the matter that may result in occurrence of losses. The company works on minimizing credit risks by means of dealing with reputable banks.

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.

Share Price Risks

Share price risks result from change in the fair value of investment in shares, where the company works on managing such risks by means of diversification of investments in several geographic zones and economic sectors.

Liquidity Risks

Liquidity risks are represented in the inability of the company to provide necessary funding for performing its obligations at maturity dates. With a view to avoid these risks, the company diversifies the sources of funding, manages assets and liabilities and reconciles the terms thereof.