

**AL-FARES NATIONAL FOR INVESTMENT  
AND EXPORT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT CERTIFIED PUBLIC  
ACCOUNTANT'S REPORT  
YEAR ENDED DECEMBER 31, 2024**

**AL-FARES NATIONAL FOR INVESTMENT AND EXPORT COMPANY**  
**(PUBLIC SHAREHOLDING COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED  
PUBLIC ACCOUNTANT'S REPORT  
YEAR ENDED DECEMBER 31, 2024**

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## **INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT**

To the Shareholders  
Al-Fares National for Investment and Export Company  
(Public Shareholding Company)

### **Report on auditing the Consolidated Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated financial statements of Al-Fares National for Investment and Export Company (P.L.C), which comprise of the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of comprehensive income, statement of shareholders' equity and consolidated statement of cash flows, for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position of Al-Fares National Company for Investment and Export. (P.L.C) as of December 31, 2024, its consolidated financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

#### **Basis for Opinion**

We conduct our audit in accordance with international audit standards. Our responsibilities under those standards are further described in Auditor's Responsibilities for the audit of the consolidated financial statements. We are independent of the Company in accordance with International Standard Board Code of Ethics for professional accountants ("the code") and we have fulfilled our other ethical responsibilities in accordance with the code.

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

#### **Key Audit Matters**

Key audit matters, according to our professional judgment, are matters that had the most significant importance in our auditing procedures that we performed to the consolidated financial statement the basic auditing matters have been addressed in our auditing workflow to consolidated financial standards as we do not express a separate opinion.

Basic Auditing Matters	The Following is a Description of our Auditing Procedures
<p><b>Goodwill and Developed Computer Software</b></p> <p>In accordance with International Financial Reporting Standards, the Company has to assess goodwill, developed computer software, and impairment testing, where annual impairment is a significant audit matter due to the complexity of the accounting requirements and general judgments required in determining the assumption to be used in estimating the recoverable amount. The recoverable amount of the cash-generating units, which is based on the value in use or the fair value, fewer costs to sell, whichever is higher, is calculated from discounted cash flow models. These models use several basic assumptions including estimates of future sales volume and prices, Operating costs, end-to-end value growth rates and, the weighted average cost of capital.</p>	<p><b>Goodwill and Developed Computer Software</b></p> <p>The auditing procedures included evaluating the assumptions and methodologies used by the Company, particularly those relating to the growth of expected revenue and profit margins. We have also emphasized the adequacy of the Company's disclosure of those most sensitive assumptions used in the impairment test, which has a significant impact in determining the recoverable amount of goodwill and developed computer programs, as a result, the administration conducted studies to test the impairment in goodwill annually and based on a study test the impairment for 2024, it shows that there is no impairment in goodwill and developed computer software amounting to 17,519,760 JOD as of December 31, 2024.</p>
<p><b>Unbilled Revenue</b></p> <p>In accordance with International Financial Reporting Standards, the Company has to periodically review the process of calculating the unbilled revenue and ensure that it is collected in subsequent periods. The management estimates the unbilled revenue through the use of assumptions and estimates and, due to their importance, it's considered one of the significant audit risks.</p>	<p><b>Unbilled Revenue</b></p> <p>The audit procedures included the control procedures used in the verification of existence and completeness, the review of a sample of the unbilled revenue, the conformity with the contracts and the confirmations, and the assurance of their collection in the subsequent period and the confirmation of their validity by assessing the management assumptions, considering the available external information on the risks of recognition of unbilled revenue. We have also evaluated the adequacy of the Company's disclosures about it.</p>
<p><b>Accounts Receivable &amp; Checks Under Collections</b></p> <p>In accordance with International Financial Reporting Standards, the Company is required to review the expected credit losses as IAS 9. Management estimates impairment in receivables through the use of assumptions and estimates and, because of their significance, it's considered an important audit risk expected credit losses.</p>	<p><b>Accounts Receivable &amp; Checks Under Collections</b></p> <p>The auditing procedures included control procedures used by the Company for collecting accounts receivables and checks under collection, verifying a sample of clients' accounts through direct confirmations, it has been asserted that the account receivable impairment provision is adequate through evaluating the management assumptions, considering the available external information about account receivable risks, we also evaluated the adequacy of the Company disclosure about the important estimation in concluding the expected credit losses.</p>

### Other Information

Management is responsible for other information, which includes other information reported in the annual report, but not included in the consolidated financial statements and our audit report on them.

Our opinion does not include this other information, and we do not express any assertion over it.

As a part our audit on consolidated financial statements of Al-Fares National for Investment and Export Company as of December 31, 2024, we are required to review this other information. During this review, we consider the compatibility of this information with their consolidated financial statements or with the knowledge that we gained through audit procedures, or if it seems to contain significant errors. If we detected the existence of significant errors in the information, we are required to report this fact. Regarding this, we have nothing to report.

### Management and Individuals Responsible for Governance the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of Al-Fares National for Investment and Export Company as of December 31, 2024, in accordance with International Financial Reporting Standards. And for such internal control, management is determined to be important 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 of Al-Fares National for Investment and Export Company as of December 31, 2024, management is responsible for assessing the Company'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 the management either intends to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Individuals responsible for governance are responsible for supervising the preparation of consolidated financial statements.

#### **Certified Public Accountant Responsibility**

Our objective is to obtain reasonable assurance about whether the financial statements are free from material misstatement whether due from error or fraud 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 Audit Standards will always detect a material misstatement even 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 decision of users taken on the basis of these consolidated financial statements.

**As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 that 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 Company'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, we will 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and assess whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with the audit committee, 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.

#### **Legal requirements report**

The Al-Fares National for Investment and Export Company maintains proper books of accounts and the accompanying consolidated financial statements contained as of December 31 2024, we recommend to be approved by the Board of Directors.

Modern Accountants

Abdul Kareem Qunais  
License No. (496)

**Modern Accountants**



A member of  
**Nexia**  
International  
الحاسبون المصريون

Amman - Jordan

March 26, 2025

**AL-FARES NATIONAL FOR INVESTMENT AND EXPORT COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2024**  
(EXPRESSED IN JORDANIAN DINAR)

	Note	2024	2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	292,106	299,399
Intangible assets	6	17,519,760	17,519,760
Right of use assets	5	93,725	7,810
<b>Total non-current assets</b>		<b>17,905,591</b>	<b>17,826,969</b>
<b>Current assets</b>			
Prepaid expenses and other receivables	8	1,188,710	1,227,424
Inventories	9	120,304	3,620
Unbilled revenue		2,472,397	2,144,460
Accounts receivable	10	8,678,021	6,708,774
Cash and cash equivalents	11	634,809	790,369
		<b>13,094,241</b>	<b>10,874,647</b>
Obligations in discontinued subsidiaries company	7	-	-
<b>Total current assets</b>		<b>13,094,241</b>	<b>10,874,647</b>
<b>TOTAL ASSETS</b>		<b>30,999,832</b>	<b>28,701,616</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Shareholders' equity</b>			
Shares capital	1	16,000,000	16,000,000
Statutory reserve	12	396,981	325,960
Voluntary reserve	12	25,230	25,230
Accumulated losses		(95,601)	(734,787)
<b>Total shareholders' equity</b>		<b>16,326,610</b>	<b>15,616,403</b>
<b>Non-current liabilities</b>			
End-of-service indemnities	13	158,551	158,551
Long-term loans	14	156,924	1,599,916
Long term lease obligations	5	8,563	-
Long term post- deferred checks	16	276,316	-
<b>Total non-current liabilities</b>		<b>600,354</b>	<b>1,758,467</b>
<b>Current liabilities</b>			
Accrued expenses and other payables	15	4,855,230	4,350,269
Accounts payable and deferred checks	16	6,107,593	3,671,660
Current portion of lease obligations	5	87,913	8,564
Current portion of long-term loans	14	1,827,986	2,344,436
Banks overdraft	17	1,194,146	951,817
<b>Total current liabilities</b>		<b>14,072,868</b>	<b>11,326,746</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>30,999,832</b>	<b>28,701,616</b>

The accompanying notes are an integral part of these consolidated financial statements

**AL-FARES NATIONAL FOR INVESTMENT AND EXPORT COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED DECEMBER 31, 2024**  
(EXPRESSED IN JORDANIAN DINAR)

	Note	2024	2023
<b>Revenue:</b>			
Sales		23,207,125	20,459,678
Services revenue		1,288,249	1,038,013
<b>Total revenue</b>		<b>24,495,374</b>	<b>21,497,691</b>
<b>Cost of revenue</b>			
Cost of sales	18	(19,628,508)	(17,654,601)
Cost of services revenue	19	(810,377)	(724,003)
<b>Total cost of revenue</b>		<b>(20,438,885)</b>	<b>(18,378,604)</b>
<b>Gross profit</b>		<b>4,056,489</b>	<b>3,119,087</b>
Selling, marketing and administrative expenses	20	(2,327,367)	(2,121,625)
Depreciations and amortization		(204,085)	(200,603)
Financial charges		(447,304)	(421,896)
Provision for contingent liabilities		(205,000)	(60,000)
Provision for credit losses / accrued income receivable		(100,000)	(150,000)
Other revenue and expenses		24,474	1,992
Provision Board of Directors' members remuneration		(35,000)	(16,700)
<b>Income before tax for the year</b>		<b>762,207</b>	<b>150,255</b>
Income tax and national contribution		(52,000)	-
<b>Net income</b>		<b>710,207</b>	<b>150,255</b>
Other comprehensive income:			
<b>Total comprehensive income for the year</b>		<b>710,207</b>	<b>150,255</b>
<b>Earnings per share:</b>			
Earnings per- share JOD/ share		0,04	0,01
<b>Weighted average of outstanding share</b>		<b>16,000,000</b>	<b>16,000,000</b>

The accompanying notes are an integral part of these consolidated financial statements

**AL-FARES NATIONAL FOR INVESTMENT AND EXPORT COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY**  
**YEAR ENDED DECEMBER 31, 2024**  
(EXPRESSED IN JORDANIAN DINAR)

	Share Capital	Statutory Reserve	Voluntary Reserve	Accumulated Losses	Total
Balance at January 1, 2023	16,000,000	310,934	25,230	(870,016)	15,466,148
Comprehensive income for the year	-	-	-	150,255	150,255
Transferred to statutory reserve	-	15,026	-	(15,026)	-
Balance at December 31, 2023	16,000,000	325,960	25,230	(734,787)	15,616,403
Comprehensive income for the year	-	-	-	710,207	710,207
Transferred to statutory reserve	-	71,021	-	(71,021)	-
Balance at December 31, 2024	16,000,000	396,981	25,230	(95,601)	16,326,610

The accompanying notes are an integral part of these consolidated financial statements



**AL-FARES NATIONAL FOR INVESTMENT AND EXPORT COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**CONSOLIDATED STATEMENT OF CASHFLOWS**  
**YEAR ENDED DECEMBER 31, 2024**  
(EXPRESSED IN JORDANIAN DINAR)

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Profit for the year	710,207	150,255
Adjustments for profit for the year:		
Depreciation and amortization	204,085	200,603
Financial charges	447,304	421,896
Provision for contingent liabilities	205,000	60,000
Provision for credit losses / accrued income receivable	100,000	150,000
Provision for remuneration for members of the Board of Directors	35,000	16,700
Changes in operating assets and liabilities:		
Accounts receivable	(2,104,247)	1,184,094
Unbilled revenue	(532,937)	663,738
Inventories	(116,684)	41,812
Prepaid expenses and other receivables	38,714	(155,219)
Accounts payables and deferred checks	2,712,249	(1,583,519)
Accrued expenses and other payables	504,961	628,840
<b>Net cash available from operating activities</b>	<b>2,203,652</b>	<b>1,779,200</b>
<b>INVESTING ACTIVITIES</b>		
Net changes in property and equipment	(103,068)	(124,792)
Changes in right to use the assets	(179,639)	-
<b>Net cash used in investing activities</b>	<b>(282,707)</b>	<b>(124,792)</b>
<b>FINANCING ACTIVITIES</b>		
Lease contract obligation	87,912	(86,784)
Financing from loans	(1,959,442)	(1,339,792)
Financial charges	(447,304)	(421,896)
Payments to banks overdraft	242,329	208,952
<b>Net cash used in financing activities</b>	<b>(2,076,505)</b>	<b>(1,639,520)</b>
<b>Net change in cash and cash equivalents</b>	<b>(155,560)</b>	<b>14,888</b>
Cash and cash equivalents, January 1	790,369	775,481
<b>Cash and cash equivalents, December 31</b>	<b>634,809</b>	<b>790,369</b>

The accompanying notes are an integral part of these consolidated financial statements

**AL-FARES NATIONAL FOR INVESTMENT AND EXPORT COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2024**  
(EXPRESSED IN JORDANIAN DINAR)

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**1. ORGANIZATION AND ACTIVITIES**

Al-Fares National for Investment and Export Company P.L.C ("the Company") is a Jordanian Public Shareholding Company registered on November 21, 2005, under the commercial registration number (373). After conducting all legal procedures; it has been converted from a limited liability company to a public shareholding, the Company's authorized, under written and paid-up capital is 16,000,000 JOD divided to 16,000,000 shares with a par value of one JOD per share.

The main activity of the Company is to import and export, to enter into other companies and to borrow from banks for the purposes of the Company, agents and intermediaries, commercial distribution and marketing, computer software industry, computer hardware industry and its parts, technical, engineering and commercial consultancy and computer services, including computer programming.

The Company operates in the capital of Jordan - Amman.

**2. New and Amended International Financial Reporting Standards**

<b>The following new and amended standards and interpretations have not yet become effective</b>	<b>It is valid for annual periods beginning on or after</b>
Non-Fungibility of Exchange Rates (Amendments to IAS (21))	January 1, 2025
Presentation and Disclosure in Financial Statements (Amendments to IFRS (18))	January 1, 2027
Investments in Associates and Joint ventures (Amendments to IAS (28) and IFRS (10))	The implementation has been postponed indefinitely.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statement of the Company in the period of initial application.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**The Preparation of Consolidated Financial Statements**

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards.

**The Basics of Preparation**

These consolidated financial statements were presented in Jordanian Dinar as the majority of transactions of The Company recorded the Jordanian Dinar.

The consolidated financial statements have been prepared on historical cost basic, except the financial instruments and investments in real estate which are stated at fair value. The following is a summary of significant accounting policies applied by the Company.

**AL-FARES NATIONAL FOR INVESTMENT AND EXPORT COMPANY**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2024**  
(EXPRESSED IN JORDANIAN DINAR)

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**Basis of consolidation financial statements**

The consolidated financial statements consisting of the financial statements of Al-Fares National for Investment and Export Company (Public Shareholding Company), and the Subsidiaries Controlled by the Company.

Control is achieved where the Company:

- Ability to exert controller over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- Ability to exert power over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee, or not. If facts and circumstances indicate changes to one or more of the three elements of control described in the accounting policy for subsidiaries above.

When the Company has less than a majority of the voting, the Company shall have control over the investee when the voting rights sufficient to give it the ability to direct relevant activities of the investee individually.

When the Company reassesses whether or not it controls an investee, it considers all the relevant facts and circumstances which includes:

- Size of the holding relative to the size and ownership of other vote holders
- Potential voting rights, others vote-holders, and other parties
- Other contractual rights
- Any additional facts and circumstances may indicate that the Company has, or does not have, the current ability to direct the activities related to the time needed to make decisions, including how to vote at previous shareholder's meetings.

The consolidation process begins when the Company's achieve control on the investee enterprise (subsidiary), while that process stops when the Company's loses control of the investee (subsidiary). In particular revenue and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement, and the consolidated comprehensive income statement from the effective date of acquisition and up to the effective date of which it loses control of a subsidiary Company.

The profit or loss and each component of other comprehensive income is distributed to the owners of the parent and to the non-controlling interests, total comprehensive income to the owners of the parent 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 those used by the parent company.

All intra-entity transactions, balances, income and expenses are eliminated in full on consolidation.

All intergroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

**AL-FARES NATIONAL FOR INVESTMENT AND EXPORT COMPANY**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2024**  
(EXPRESSED IN JORDANIAN DINAR)

The Consolidated Financial Statements as of December 31, 2024 consists of the financial statements of the subsidiaries (Directly or indirectly) companies as follow:

<b>Company</b>	<b>Place of Registratio n</b>	<b>Date of Registration</b>	<b>Vote and Ownershi p Ratio</b>	<b>Main Activity</b>
National Computer Company Ltd. *	Jordan	1983	100%	Programming and analyzing computer systems and selling computer supplies and maintenance of electronic devices.
Executrain Company Ltd.	Jordan	2001	100%	Training in the field of software development and analysis of all type and providing training and consulting services and the processing and development of computers, communications and software.
Allied Software Company Ltd.	Jordan	2001	92%	Development of computer software and information systems.
Aregon Ltd - Branch of foreign limited liability company.	Bermuda	2000	100%	Implementation of computer information and networks, installation and maintenance and provision of computer services.
Al-Hadeneh for Electronics Co. Ltd. (exempted)	Jordan	2007	100%	The computer software industry, selling and assembling computers, contributing to other companies, and manufacturing printing machines
Optimiza Computer System Ltd.	UAE	2009	100%	Computer programming activities, consultancy experience, and related activities
Optimiza Morocco	Kingdom of Morocco	2012	100%	Trading computer systems and programs and trading of computer supplies, data processing, and trading of computers and accessories.
Optimiza for Technology	UAE	2018	100%	Computer programming activities, consulting, and related matters.
Optimiza for Technology	Egypt	2019	100%	Trading computer systems and hardware and supplies trade computer programming activities consulting expertise and related activities consulting expertise and related activities.
Al-Faris National Company for Information Technology	KSA	2022	100%	Installation operating systems, Telecommunication wiring, Providing management and control service of communication networks, artificial intelligence technologies.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2024**  
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\* On June 19, 2014, the Company's National Computer Branch was established in the Aqaba Special Economic Zone Authority under No. (1114061901), and in accordance with the regulations of the Aqaba Special Economic Zone Law No. (32) As of 2000, as its amendments, and regulations and instructions issued.

\*On March 26, 2018, the National Computer Company was established in the UAE under the number (803595).

**Financial Assets**

**Classifications**

The Company classifies its financial assets into the following categories: financial assets at fair value through income statement, and receivables. Such classifications are determined based on the purpose for which these financial assets were acquired.

The management determines its classifications of the financial assets at initial recognition.

**(A) Financial Assets at Fair Value Through Income Statement**

Financial assets at fair value through income statement are financial assets held for trading. A financial asset is classified under this category if it is purchased primarily to be sold in a short period of time. Such assets are classified in this category under current assets, if the Company expects to sell them within 12 months from the date of the statement of financial position, otherwise they are classified as non-current assets.

**(B) Receivables and Loans**

Receivables are financial assets (other than financial derivatives) with fixed or determinable payments that are not included in the financial market. These assets are classified as current assets unless they have maturities over 12 months after the statement of financial position date, as these are classified as non-current assets.

**Recognition and Measurement**

Purchases and sales of financial assets are recognized on the trade-date-the date on which the Company commits to purchases or sell the asset. Investments are recognized at fair value while costs associated with purchases and sales are recognized income statement.

**Impairment of Financial Assets**

The Company reviews stated values on financial assets at the date of the statement of financial position determine whether objective indications of their impairment exist, individually or in the aggregate if such indications exist, recoverable amount is estimated to determine impairment.

The criterion that the Company uses to determine that there is objective evidence of an impairment loss includes:

- Significant financial difficulty of the debtor.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- The Company, for economic or legal reasons relating to the debtor's financial difficulty, granting the debtor a concession that the lender would not otherwise consider.
- It becomes probable that the debtor will enter bankruptcy or other financial reorganization.
- The disappearance of an active market for that financial asset because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, including:



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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- (1) Adverse changes in the payment status of debtors in the portfolio.
- (2) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists.

For receivables category, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the income statement.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the income statement.

**Reclassifications**

If the business model under which the Company holds financial assets changes. The financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. During the current financial year and previous accounting period, there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made

**Impairment**

IFRS 9 replaces the "incurred loss" model in IAS 39 with an expected credit loss model (ECLs). The Company recognizes loss allowance for expected credit losses on the following financial instruments that are not measured at FVTPL

- Cash and bank balances;
- Trade and other receivables.
- Due from related party.

With the exception of purchased or originated credit impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12 Month ECL, i.e., lifetime ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as stage1); or
- Full lifetime ECL, i.e. Lifetime ECL that results from all possible default events over the life of the financial instruments, (referred to as stage2 and stage3).

**AL-FARES NATIONAL FOR INVESTMENT AND EXPORT COMPANY**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company has elected to measure loss allowances of cash and bank balances. Trade and other receivables, and due from a related party at an amount equal to lifetime ECLs.

ECLs are probability-weighted estimates of the present value of credit losses. These are measured as the present value of the difference between the cash flow to the Company under the contract and the cash flows that the Company expects to receive arising from weighting of multiple future economic scenarios. Discounted at the asset's EIR.

Loss allowance for financial investments measured at amortized costs is deducted from gross carrying amount of assets. For debt securities at FVTOCI, the loss allowance is recognized in the OCI, instead of reducing the carrying amount of the asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative including forward-looking information.

For certain categories of financial assets, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Impairment losses related to cash and bank balances, trade, and other receivables due from a related party, are presented separately in the statement of income and other comprehensive income.

The Company considers debt security to have low credit risk when its credit risk rating is equivalent to the globally accepted definition of the grade of the investment.

**Measurement of ECL**

The Company employs statistical models for ECL calculations. ECLs are a probability-weighted estimate of credit losses. For measuring ECL under IFRS 9, the key input would be the term structure of the following variables.

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure at Default (ED).

These parameters will be derived from our internally developed statistical models and other historical data. They will be adjusted to reflect forward-looking information.

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**Credit-Impaired Financial Assets**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. Credit-impaired financial assets are referred to stage 3 assets. At each reporting date, the Company assesses whether financial assets carried at amortized costs and debt securities at FVTOCI are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**Derecognition of Financial Assets**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost or measured at FVTPL, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the cumulative changes in fair value of securities reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

**Presentation of allowance for ECL are presented in the financial information**

**Loss allowances for ECL are presented in the financial information as follows:**

- For financial assets measured at amortized cost (loans and advances, cash and bank balances): as a deduction from the gross carrying amount of the assets.
- For debt instruments measured at FVTOCI no loss allowance is recognized in the consolidated statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in revaluation reserve and recognized in other comprehensive income.

**Critical judgments in applying the Company's accounting policies in respect of IFRS 9**

**Business Model Assessment:**

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how Company of financial assets were managed together to achieve a particular business objective. This assessment includes judgments reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers off the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for, which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

**Significant Increase of Credit Risk**

ECLs are measured as an allowance equal to 12-month ECL for stage1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Company considers both qualitative and quantitative reasonable and supportable forward-looking information.

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**Establishing Company's of Assets with Similar Credit Risk Characteristics**

When ECLs are measured on a collective basis, the financial instruments are grouped based on shared risk characteristics (e.g., instrument type, credit risk grade, collateral type, date of initial recognition, remaining term to maturity, industry, geographic location of the borrower, etc.). The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that Company of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of the ECLs changes because the credit risk of the portfolios differ.

**Models and Assumptions Used**

The Company uses various models and assumptions in measuring fair value of financial assets, as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

**Key Sources of Estimation Uncertainty in Respect of IFRS 9**

The following are key estimations that the management has used in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in consolidated financial statements.

Establishing the number and relative weightings of forward-looking scenarios for each type of product \ market determining the forward-looking information relevant to each scenario. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

**Probability of Default**

PD is a key input in measuring ECL. It represents an estimate of the likelihood of default likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

**Loss Given to Default**

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into consideration cash flows from collateral and integral credit enhancements.

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**Revenue Recognition**

Revenue is measured at an amount that reflects the allowances that an entity expects to receive in exchange for transferring goods or services to a customer, except for sums collected on behalf of other parties. The Company recognizes revenue upon fulfilling every service obligation.

Separate selling prices are determined based on the observable price at which companies sell products and services on a separate basis. For items that are not sold separately, the Company estimates separate sale prices using other methods.

The group recognizes revenue from the following main sources:

**Major Operations**

Revenue represents amounts due in respect of services rendered during the year measured at the fair value of the consideration received or due, net of discounts.

Revenue is recognized over time when providing services.

If the services are provided less than one arrangement in different reporting periods, the corresponding allowance will be allocated based on the contracts signed with clients.

**Other Income**

The Company recognizes revenue when the amount of revenue can be measured reliably; it is probable that future economic benefits will flow to the entity and when specific criteria for the Company's activities are met.

**Contract Assets and Liabilities**

The Company has determined that contract assets and liabilities should be recognized at the performance obligation level rather than at the contract level and that both contract assets and liabilities will be presented separately in the consolidated financial statements. The Company classifies its contractual assets as current and non-current based on the timing and pattern of flow of economic benefits.

**Expenses**

Selling and marketing expenses mainly comprise of costs incurred in the marketing and sale of the Company's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include both direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales are made on a consistent basis when required.

**Cash and Cash Equivalents**

Cash and cash equivalent include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

**Account Receivables**

Receivables are stated at their net recoverable amount, and a provision for impairment of receivables is made based on a full review of all balances at the end of the year, and the outstanding debts are written off in the period in which they are identified.



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**Accounts Payable and Accruals**

Accounts payable are stated at the obligation amounts for received services and goods, whether billed by the suppliers or not.

**Joint Ventures**

The joint venture is the operation that includes using assets and other resources for the parties involved in the coalition rather than establishing a Company or any financial structure separate from the coalition parties the selves. Each party of the coalition use his property and equipment and incur his own expenses and obligations and provide his own funding, the joint venture contract provides the method which enable to split the revenue from joint contract and any expenses incurred jointly between coalition parties, the consolidated financial statement includes the Company's share from joint venture business results using the equity method.

**Inventories**

Inventories are stated at lower of cost or market using (FIFO) inventory valuation method.

**Investments in Developed Computer Programs**

The fair value of the computer program resulting from acquisition of subsidiaries were reassessed based on the recoverable amount, if the value is less than the book value, it would be reduced to recoverable amount. Which are measured based on the value in use, and the impairment value is recognized in the income statement. This impairment appears in the consolidated income statement.

**Goodwill**

The International Accounting Standards Board issued International Financial Reporting Standard No.(3) Business Consolidation, according to which the excess of the purchase cost over the fair value of investee companies is recorded as goodwill, and when the recoverable amount of this goodwill is less than its net book value, its value is reduced to the recoverable value. For recovery, which is measured on the basis of value in use, and the impairment value is recorded in the consolidated income statement.

Goodwill arising on the acquisition of a subsidiary or jointly controlled entity represents excess of acquisition cost over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entity recognized as at the date of purchase. Goodwill is initially recognized as an asset on a cost basis and is subsequently measured at cost less accumulated impairment, if any.

At the exclusion of a subsidiary Company, the value of goodwill allocated to them to determine the gain or loss resulting from the exclusion.

**Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and impairment if exist. Expenditures on maintenance and repairs are expensed, while expenditures for enhancement and improvement are capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	Annual Depreciation Rate
Machinery and Computers Software	15-25 %
Furniture Fixture, and Decorations	10-15 %
Vehicles	15%
Tools and Equipment	15%
Books	20%

The review of the useful life and depreciation method is done on a regular basis to ensure that the depreciation method and period match with the expected economic benefits of property and equipment.

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Impairment test is performed for property and equipment in the consolidated statement of financial position when any events or changes occur in circumstances that show that this value may not be recoverable. In case of any indication of impairment, impairment losses are calculated depending on the impairment policy of declining the value of the assets.

When any subsequent disposal of property and equipment, the value of the gains or losses arising are recognized, this represents the difference between the net disposal proceeds and the value that appears out of property and equipment in the consolidated balance sheet, gross profit and loss.

**Income Tax**

The Company is subject to Income Tax Law and its subsequent amendments, and the regulations issued by the Income Tax Department in the Hashemite Kingdom of Jordan and provided on accrual basis. Income Tax is computed based on adjusted net income. According to International Accounting Standard number (12), the Company may have deferred taxable assets resulting from the temporary differences between the accounting value and tax value of the assets and liabilities related to the provisions, these assets are not shown in the financial statements since it's immaterial.

**Leasing**

Lease contracts are classified as capital leases if the lease results in a material transfer of the property benefits and risks related to the asset in question to the lessee. Other leases are classified as operating leases.

Rents are recognized as a right to use asset and a corresponding liability on the date that the leased asset is available for company use. Each lease payment is distributed between the obligation and the cost of the financing. The finance charge is charged to the profit or loss over the term of the lease in order to obtain a fixed periodic rate for the outstanding leader on the remaining balance of the liabilities for each period. Depreciation is calculated on the assets of the right to use over the useful life of the asset or the lease term, whichever is shorter, by the straight-line method.

Operating lease obligations are measured at the present value of the remaining lease payments, as lease payments are discounted using the interest rate included in the lease. If this rate cannot be determined, the additional borrowing rate of the lessee is used, which is the rate the tenant has to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Rentals due under short-term operating leases and low-value assets are charged to the statement of comprehensive income during the period of the operating lease using the straight-line method. Short-term operating lease contracts are leases of 12 months or less.

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**Provisions**

Provisions are recognized when the Company has a present obligation (legal or expected) from past events which its cost of repayment considers accepted and it has ability to estimate it reliably.

The provision had been measured according to the best expectations of the required alternative to meet the obligation as of the statement of financial position date after considering the risks and not assured matters about the obligation. When the provision had been measured with the estimated cash flows to pay the present obligation, then the accounts receivable had been recognized as asset in case of receipt and replacement of the amount is certain and it able to measure the amount reliably.

**Segment Reporting**

The business sector represents a group of assets and operation engaged together in providing product or services subjected to risks and returns that are different from those of other business sectors, which are measured according to the reports that are used by the executive director and the main decision-makers in the Company.

Geographical segment is associated in providing products in particular economic environment subject to risks and returns that are differed from those for sectors to work in economic environment.

**Offsetting**

Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position only when there are legal rights to offset the recognized amounts, and when intends to settle them on a net basis, or when assets are realized, and liabilities settled simultaneously.

**Foreign Currency Translation**

Foreign currency transactions are translated into Jordanian Dinar at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

**Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

The preparation of consolidated financial statements requires management to make judgments estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

In preparing these consolidated financial statements, the significant judgments made by management in applying the Company accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial consolidated statements.

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**4. PROPERTY AND EQUIPMENT**

<b>2024</b>	<b>Machinery and Computers Software</b>	<b>Furniture, Fixture, and Decorations</b>	<b>Vehicles</b>	<b>Tools and Equipment</b>	<b>Books</b>	<b>Total</b>
<b>Cost:</b>						
<b>Balance at January 1</b>	4,293,982	1,085,930	97,950	26,545	12,237	5,516,644
Additions	98,204	35,521	16,086	-	-	149,811
Disposal	(46,964)	(10,560)	(10,200)	-	-	(67,724)
<b>Balance at December 31</b>	<b>4,345,222</b>	<b>1,110,891</b>	<b>103,836</b>	<b>26,545</b>	<b>12,237</b>	<b>5,598,731</b>
<b>Depreciation:</b>						
<b>Balance at January 1</b>	4,106,819	992,407	80,778	25,004	12,237	5,217,245
Additions	95,060	15,707	9,949	218	-	120,934
Disposal	(11,000)	(10,354)	(10,200)	-	-	(31,554)
<b>Balance at December 31</b>	<b>4,190,879</b>	<b>997,760</b>	<b>80,527</b>	<b>25,222</b>	<b>12,237</b>	<b>5,306,625</b>
<b>Net book value December 31</b>	<b>154,343</b>	<b>113,131</b>	<b>23,309</b>	<b>1,323</b>	<b>-</b>	<b>292,106</b>
<b>2023</b>						
<b>Cost:</b>						
<b>Balance at January 1</b>	4,257,968	1,060,068	97,950	26,545	12,237	5,454,768
Additions	98,420	26,376	-	-	-	124,796
Disposal	(62,406)	(514)	-	-	-	(62,920)
<b>Balance at December 31</b>	<b>4,293,982</b>	<b>1,085,930</b>	<b>97,950</b>	<b>26,545</b>	<b>12,237</b>	<b>5,516,644</b>
<b>Depreciation:</b>						
<b>Balance at January 1</b>	4,089,814	977,333	70,165	24,793	12,237	5,174,342
Additions	79,411	15,588	10,613	211	-	105,823
Disposal	(62,406)	(514)	-	-	-	(62,920)
<b>Balance at December 31</b>	<b>4,106,819</b>	<b>992,407</b>	<b>80,778</b>	<b>25,004</b>	<b>12,237</b>	<b>5,217,245</b>
<b>Netbook value December 31</b>	<b>187,163</b>	<b>93,523</b>	<b>17,172</b>	<b>1,541</b>	<b>-</b>	<b>299,399</b>

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**5. RIGHT TO USE ASSETS / LEASE OBLIGATION**

	2024	2023
<b>Rights of use assets:</b>		
The balance as of January 1	7,810	101,537
Additions	187,456	-
Depreciation	(7,810)	-
Amortization expense	(93,731)	(93,727)
<b>Balance as of December 31</b>	<b>93,725</b>	<b>7,810</b>
<b>Lease obligations:</b>		
Balance as of January 1	8,654	95,348
Additions	187,456	-
Depreciation	(8,654)	-
Interest expense	11,020	15,216
Paid during the year	(102,000)	(102,000)
<b>Balance as of December 31</b>	<b>96,476</b>	<b>8,564</b>
 Which of them		
Current leases obligations	87,913	8,564
Non- Current lease obligations	8,563	-
	<b>96,476</b>	<b>8,564</b>

**6. INTANGIBLE ASSETS**

Intangible assets amounting to 17,519,760 JOD resulted from the Company's acquisition of full and / or part of the shares of partners in several companies operating in the field of information systems during 2005 and 2007.

**The Details of Intangible Assets:**

	2024	2023
Investment in developed computer programs	15,107,872	15,107,872
Goodwill*	2,411,888	2,411,888
	<b>17,519,760</b>	<b>17,519,760</b>

**\*The Details of Goodwill:**

	2024	2023
Balance as of January 1	2,411,888	4,286,888
Provision of impairment of goodwill	-	(1,875,000)
<b>Balance as of December 31</b>	<b>2,411,888</b>	<b>2,411,888</b>

According to IFRS, the fair value for a computer program is evaluated based on the recoverable amount it, and then when the recoverable amount of the fair value of the computer programs is less than it carrying amount, we reduce its value to the recoverable amount and record this impairment in the consolidated comprehensive income statement. Based on the test of the impairment by the management at the end of 2024, there was no impairment in the value of goodwill and developed computer programs which were measured on the basis of the value in use, which is calculated using discounted cash flows through approved estimated budgets by the Company management, which covers a period of five years on the basis of a weighted average cost of capital WACC of 18.3 % annually.



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**7. OBLIGATIONS IN DISCONTINUED SUBSIDIARIES COMPANY**

The details for investment in discontinued subsidiaries companies as follows: -

	2024	2023
Amount required	1,758,715	1,758,715
Expected for net investment temporary subsidiary company	(77,835)	(77,835)
	<u>1,680,880</u>	<u>1,680,880</u>
<b><u>Investment:</u></b>		
Cost of purchase	1,004,392	1,004,392
Deduct: Impairment	676,967	676,967
Deduct: Balance of accumulated losses for the discontinued company at December 31	2,008,305	2,008,305
Net book value (excess of liabilities over assets)	<u>1,680,880</u>	<u>1,680,880</u>
Net book value	-	-

**8. PREPAID EXPENSES AND OTHER RECEIVABLES**

	2024	2023
Prepaid expenses	206,006	255,094
Bank guarantees deposits	484,456	514,492
Advance payments for suppliers	612,843	626,617
Refundable deposits	14,470	11,918
Government deposits	99,301	99,122
Employee's receivables	110,540	59,087
Expected for impairment of losses other receivables	(338,906)	(338,906)
	<u>1,188,710</u>	<u>1,227,424</u>

**9. INVENTORIES**

	2024	2023
Inventory in warehouse	215,067	98,383
provisions for slow moving goods	(94,763)	(94,763)
	<u>120,304</u>	<u>3,620</u>

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**10. ACCOUNT RECEIVABLE**

	2024	2023
Account receivables *	11,555,148	9,460,298
Due from related party **	1,160,322	1,285,925
Impairment of account receivables provision***	(4,037,449)	(4,037,449)
	8,678,021	6,708,774

\* Aging of accounts receivables as of December 31 is as follows:

	2024	2023
1-150 day	5,810,727	4,033,773
151-360 day	1,774,290	1,109,421
Over 361	3,970,131	4,317,104
	11,555,148	9,460,298

\*\* The material transactions with related parties and the amounts related thereto up to December 31 are as follows:

	2024	2023
Revenue	146,175	155,030
Costs	202,965	128,142

	<u>Corporation's relationship</u>	2024	2023
Consolidated Contractors Group (CCC), Arabtec Construction LLC, Drake and Scull Construction LLC	Major Shareholders	1,158,776	1,158,776
Ameen Kawar and Sons Company	Owned by the Chairman of the Board of Directors	590	44,558
Kawar Energy Company	Owned by the Chairman of the Board of Directors	956	58,107
Ameen Kawar and Sons Company for Tourism and Travel	Owned by the Chairman of the Board of Directors	-	294
Kawar Trade and Development Company	Owned by the Chairman of the Board of Directors	-	1,121
Kawar Shipping Company		-	23,069
		1,160,322	1,285,925

Transfers to allowance for doubtful account as the follows:

	2024	2023
Balance at January 1	4,037,449	4,013,421
Transfer from expected losses other receivables	-	-
Transfer from	-	24,028
Impairment of account receivables provision	-	-
Balance at December 31	4,037,449	4,037,449

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**11. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash, and demand deposits that can be liquidate in the 3 months

	2024	2023
Cash on Hand	26,747	46,398
Cash at Banks	608,062	743,971
	<u>634,809</u>	<u>790,369</u>

**12. RESERVES**

**Statutory Reserve:**

In accordance with the Companies' Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 25% of the capital. However, the Company may, with the approval of the General Assembly to continue to deduct this annual ratio until this reserve is equal to the authorized capital of the Company in full. This reserve is not available for dividend distribution. The General Assembly is entitled to decide, in its unusual meeting, to amortize its losses by the accumulated statutory reserve if all other reserves pay off, to rebuild it again in accordance with the law.

**Voluntary Reserve:**

In accordance with the Companies' Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company can establish a voluntary reserve by appropriating no more than 20% of pre-tax net income. The Company's Board of Directors resolved to allocate 20% of the net income during the year. This reserve is available for dividend distribution till the approval of the Company's General Assembly.

**13. END OF SERVICE INDEMNITIES**

The transactions on end of service indemnity account as following:

	2024	2023
Balance as January 1	158,551	158,551
Payment during the year	-	-
Balance as December 31	<u>158,551</u>	<u>158,551</u>

**14. LOANS**

	2024	2023
Housing Bank	1,269,390	1,540,436
Capital Bank	715,520	2,403,916
Total Loans	1,984,910	3,944,352
Deduct: Current Portion	1,827,986	2,344,436
The Long-Term Portion	<u>156,924</u>	<u>1,599,916</u>

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**Housing Bank Loans:**

The Company obtained banking facilities from the Housing Bank for Trade and Finance in the amount of 13,000,000USD for the purpose of financing the purchase 70% of the share of the Vision Company for the Development of Information Systems and Computer Programs (Saudi Arabia), in the form of a loan of 6,500,000 USD, and a diminishing loan of 6,500,000 USD. The loan has been repaid. As for the declining loan, the Company rescheduled it several times, most recently in 2019, as the remaining balance of the loan was rescheduled over a period of 6years so that the first installment is due on January 1, 2020, at an interest rate (LIBOR three months and 3.20% margin at a minimum rate of 4% annually and without commission), with these facilities remaining under the guarantee of National Computer Company (a subsidiary company) and the personal guarantee of the Chairman of the Board of Directors.

The Company has rescheduled the current debt ceiling of 100,000JOD and the financing of bids and purchases in the amount of 1,757,195JOD into a long-term loan, and the remaining loan balance has been converted into dollar currency with a value of 2,046,000 USD, as it was rescheduled several times and last in the year 2019. The remaining balance of the loan has been rescheduled over a period of 6years, so that the first installment is due on January 1, 2020, at an interest rate (three-month labor, 3.20%margin, at a minimum rate of 4%annually, and without commission), with these facilities remaining under the guarantee of the eligibility Company For the computer (subsidiary).

The Company has scheduled a current debt ceiling of 750,000JOD into a long-term loan to be repaid in monthly installments over a period of 6 years, so that the first installment is due on January 1, 2020, at an interest rate of 9.75%, with these facilities remaining under the guarantee of National Computer Company (a subsidiary company) , and the personal guarantee of the Chairman of the Board of Directors.

**Capital Bank Loan**

National Computer Company (a subsidiary company) obtained a loan from the Jordan Capital Bank, amounting to 689,247 JOD, at an interest rate of 10.5% annually, to be paid monthly and without commission, in order to pay of purchases and the loan is repaid according to 12 monthly installments with a value of 57,437JOD, in exchange for the guarantee of Al-Faris national company for investment and export and the personal guarantee of the chairman of the Board of Directors, and during 2019, the Company restructured the remaining amount of the loan, which amounted to 230,000 JOD, in addition to a new imposition of 750,000 JOD, obtained by al-national computer Company (subsidiary company) in order to pay the Company's purchases, so that the total value of the imposition becomes 980,000 JOD, to be paid according to quarterly installments over a period of two years and at an interest rate of 10,25% annually and commission of 0.5% on the balance of the structured amount, and the first installments is due on February 29, 2020 and during the third quarter of 2020, the Company restructured the remaining amount of the imposition. Which amounted to 898,334 JOD, a bond under the quarterly installments over a period of four years, at an interest rate of 9% annually, and the first installment is due at the beginning of the year on February 2, 2021, it was paid in 2025.

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National Computer Company (a subsidiary company) obtained a revolving loan from the Jordan Capital Bank, funded by the Central Bank, at a value of 2,623,333JOD, at an interest rate of 3.75% annually, to be collected monthly and without commission, in order to pay off the Company's purchases inside Amman. The loan is repaid over a period of four years until October 2026 in return for the sponsorship of Al-Faris National Company for Investment and Export and the personal guarantee of the Chairman of the Board of Directors.

National Computer Company (a subsidiary company) obtained a revolving loan from the Jordan Capital Bank, funded by the Central Bank, at a value of 131,628JOD, at an interest rate of 3.25% annually, to be collected monthly and without commission, in order to pay off the Company's purchases outside Amman. The loan is repaid over a period of four years until May 2025. In return for the sponsorship of Al-Faris National Company for Investment and Export and the personal guarantee of the Chairman of the Board of Directors.

**15. ACCRUED EXPENSES AND OTHER PAYABLES**

	2024	2023
Accrued expenses	3,118,764	3,710,081
Due to governments	121,550	118,233
Due to social committee	4,845	7,613
Due to employees	164,310	108,380
Advanced payments from clients	1,431,601	391,802
Contingent liabilities provisions	14,160	14,160
	<b>4,855,230</b>	<b>4,350,269</b>

**16. ACCOUNTS PAYABLES AND DEFERRED CHECKS**

	2024	2023
Accounts Payables	4,632,509	3,513,005
Short-Term Deferred Checks	1,475,084	158,655
<b>Total</b>	<b>6,107,593</b>	<b>3,671,660</b>
Long-Term Deferred Checks	276,316	-
	<b>6,383,909</b>	<b>3,671,660</b>

**17. BANKS OVERDRAFT**

	2024	2023
Arab Bank	150,946	122,068
Capital Bank	378,256	334,843
Jordan Commercial Bank	635,489	411,066
Housing Bank	29,455	83,840
	<b>1,194,146</b>	<b>951,817</b>

**Arab Bank:**

National Computer Company (a subsidiary company) granted a credit facility contract from the Arab Bank to a current debt account debtor with a ceiling of 550,000 JOD at an interest rate of 10% annually and a commission of 1% in return for the guarantee of the Al-Faris National Company for Investment and Export. During 2012, the value of the current debt account has been reduced to 460,000 JOD At an interest rate of 6,25% per annum and a commission of 0,05%, in return for cash insurance.

**Capital Bank:**

National Computer Company (a subsidiary company) granted banking facilities from the Capital Bank as a current debt account debit one dollar with a ceiling of 200,000 USD and the ceiling was increased by 300,000 USD on July 2, 2015 to become 500,000 USD at an interest rate of 7% without commission and a debit current account with a ceiling of 150,000 JOD, at an interest rate of 9,75% and without commission, against the guarantee of the Al-Faris National Company for Investment and Export.



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**Jordan Commercial Bank:**

National Computer Company (a subsidiary) has granted a credit facilities contract as a debit current account with a ceiling of 750,000 Jordanian Dinars at an interest rate of 12% and without commission, in exchange for the guarantee of Al-Fares National Company for Investment and Export.

**Housing Bank:**

National Computer Company (a subsidiary) was granted a credit facilities contract as a debit current account with a ceiling of 150,000 JOD at an interest rate of 9.75% and without commission, in exchange for the guarantee of Al-Fares National Company for Investment and Export.

**18. COST OF SALES**

	2024	2023
Cost of goods sold	13,671,416	12,589,765
Direct operating expenses	5,957,092	5,064,836
	<u>19,628,508</u>	<u>17,654,601</u>

**19. COST OF SERVICES REVENUE**

	2024	2023
Cost of maintenance contract	49,104	72,706
Maintenance expenses *	761,273	651,297
	<u>810,377</u>	<u>724,003</u>

\*The details of services expenses are as follows:

	2024	2023
Wages, Salaries and other benefits	742,924	631,424
Training	2,334	3,348
Traveling and accommodation	8,596	7,495
Others	7,419	9,030
	<u>761,273</u>	<u>651,297</u>

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**20. SELLING, MARKETING AND ADMINISTRATIVE EXPENSES**

	2024	2023
Wages, Salaries and other benefits	1,663,537	1,525,211
Health insurance	33,482	37,924
Travel and Accommodation	77,441	23,597
General Maintenance expenses	18,751	35,623
Rents	34,682	23,580
Post, telegraph and telephone	35,299	35,669
Stationery and consumables	18,957	24,432
Subscriptions	51,780	46,064
Electricity, water and fuel	43,320	40,329
Governmental fees	50,680	54,352
Advertising	61,094	42,034
Professional fees and consulting	98,367	129,809
Transportations allowances	28,536	24,313
Donations	7,100	6,548
Transportations of board members	21,000	39,300
Other	83,341	32,840
	<u>2,327,367</u>	<u>2,121,625</u>

**21. INCOME TAX**

The Company settled its tax status for the year 2020, and for the years 2021, 2022, and 2023 the self-assessment statement was submitted to the department, and the accounting records were not reviewed by the department until the date of preparing the consolidated financial statements.

The National Computer Company (Subsidiary Company) Tax Status has been approved till 2021 for years 2022, 2023, the Company provided the self-assessment tax statement of the Income and Sales Tax Department but the income tax department did not review accounting records till the date of preparing the consolidated financial statement.

The National Computer Company Aqaba branch (Subsidiary Company) Tax Status has been approved till 2019 for years 2020 until 2023 the Company provided the self-assessment tax statement of the Income and Sales Tax Department but the income tax department did not review accounting records till the date of preparing the consolidated financial statement

The Aragon Limited Jordan Company (Subsidiary Company) has completed its tax status with the Income and Sales Tax Department until 2023.

The (Allied Software Company) (Subsidiary Company) has completed its tax status with the Income and Sales Tax Department until 2023.

The Company settled the tax status of the Ecotrin for Advanced Training Company (a subsidiary) has completed its tax status with the Income and Sales Tax Department until 2023.

The Incubator Electronics Company (Subsidiary Company) has completed its tax status with the Income and Sales Tax Department until 2023.

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**22. RELATED PARTIES**

Through the year the Company has enrolled the salaries and wages and allowances and benefits for the general manager and the financial manager as follows:

	2024	2023
The general manager's wages and salaries and allowances	245,638	244,877
The financial manager wages and salaries and allowances	65,983	47,144

The significant transactions with related parties and related amounts up to December 31 are as follows:

	2024	2023
Revenue	146,175	155,030
Costs	202,965	128,144

**23. CONTINGENT LIABILITIES**

On December 31, the Company has the following contingent liabilities:

	2024	2023
Bank guarantee	4,932,926	3,127,017
Letters of credits	142,000	814,308
	5,074,926	3,941,325

**24. LEGAL STATUS**

**Summary of Cases Filed by the Company and its Subsidiaries:**

There are issues raised by the Company and its subsidiaries amounted to 229,022 JOD.

**The Summary of the Main Issues:**

A case filed by the National Computer Company (a subsidiary) against the Middle Contracting Company, amounting to 178,698 JOD, where 149,698 JOD were collected and it is now being considered by the Court of first instance regarding the remaining amount, amounting to 29,000 JOD.

**The Summary of Cases Raised Against the Company:**

There are cases raised on the Company by others and its subsidiaries amounted to 739,032 JOD.

**The Summary of the Most Important Issues:**

A case filed by Najm Data Company against Al Ahlia Computer Company (a subsidiary) for the amount of 670,521 JOD. The decision was issued obligating Al Ahlia Computer Company to pay Najm Data Company 670,521 JOD, and obligating Najm Data Company to pay 321,669 JOD, in addition to interest amounting to 144,751 JOD, to Al Ahlia Computer Company. The case is still with the Amman Execution Department for Settlement.

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**25. FINANCIAL INSTRUMENTS**

**Management of Capital Risks**

The Company manage its capital to make sure that the Company will continue when it takes the highest return by the best limit for debts and owners' equity balances. The Company's strategy doesn't change from 2023.

Structuring of Company's capital, which includes owners' equity in the Company, which consists of capital, reserves, accumulated losses as it listed in the consolidated changes in owners' equity statement.

**The Debt Rates**

The Board of Directors is reviewing the share capital structure periodically. As a part of this review, the Board of Directors considers the cost of capital and the risks that is related in each faction from the capital and debt factions. The Company capital structure includes debts from the borrowing. The Company doesn't determine the maximum limit of the typical debt rate.

The debt ratio at the end of the year is as follows: -

	2024	2023
Debts	3,275,532	4,904,733
Owners' Equity	16,326,610	15,616,403
Debt/ Owners' Equity Rate	20%	31%

**The Management of the Financial Risks**

The Company's activities might be exposed mainly to the followed financial risks.

**Management of the Foreign Currencies Risks**

It is the risk of changing the value of financial instruments due to changes in foreign exchange rates, and the Jordanian Dinar is the major currency of the Company, the Board sets limits on the financial position for each currency the Company has, and is reviewing the foreign exchange center on a daily basis and they are following strategies to make sure to keep foreign currencies center within the approved limits.

All the group's operations are mainly in Jordanian Dinar and the Saudi riyal and UAE dirham, and there is no risk as a result of the Company dealing in such currencies as the prices of those fixed currency does not change because it is tied to the US dollar.

**Management of the Interest Price Risks**

Risk related to interest rate result mainly from borrowing money at floating interest rates and short-term deposits at fixed interest rates.

Sensitivity of the statement of comprehensive income is the impact of the assumed changes possible prices of interest on the profit of the Company for one year and it is calculated based on the financial liabilities which carry variable interest rates at the end of the year.

The following table shows sensitivity of the statement of comprehensive income for possible changes and reasonable interest rates as of December 31 with all other effective variables constant:

Currency	Interest Rate Increase	The impact on (loss) \ profit for the year	
JOD	Percentage Points	2024	2023
	100	- 32,755	- 49,047
Currency	Interest Rate Decrease	The impact on (loss) \ profit for the year	
JOD	Percentage Points	2024	2023
	100	+ 32,755	+ 49,047

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**Other Price Risk**

The Company is exposed to price risk arising from its investments in the equity of other companies. The Company maintains investments in the equity of other companies for strategic purposes and not for trading purposes. The Company does not actively trade in such investments.

**Credit Risk Management**

The credit risks represent in one part of the financial instruments contracts has not obligated to pay the contractual obligations and cause of that the Company is exposing financial losses. However, there are no contracts with any other parts so the Company doesn't expose to different types of the credit risks.

**Management of Liquidity Risks**

The Board of Directors is responsible for the management of liquidity risks to manage the cash requirements, short, medium, and long-term liquidity. The Company managed the liquidity risks by controlling the future cash flow that was evaluated permanently and correspond to the due dates of monetary assets and liabilities.

The following table represents the contractual eligibilities to non-derivative financial liabilities.

The table has prepared on the undiscounted cash flows to the financial liabilities' basis according to the early due dates that may require the Company to pay or receive.

The table below contains cash flows for major amounts and interests.

	<u>Interest Rate</u>	<u>Year or Less</u>	<u>More than One Year</u>	<u>Total</u>
<b>2024:</b>				
Instruments without interest	-	10,962,823	434,867	11,397,690
Instruments with interest	3.5% - 9%	3,110,045	165,487	3,275,532
<b>Total</b>		<b>14,072,868</b>	<b>600,354</b>	<b>14,673,222</b>
<b>2023:</b>				
Instruments without interest	-	8,021,929	158,551	8,180,480
Instruments with interest	3.5% - 9%	3,304,817	1,599,916	4,904,733
<b>Total</b>		<b>11,326,746</b>	<b>1,758,467</b>	<b>13,085,393</b>

**26. SECTORIAL INFORMATION**

The main activity of the Company is to import and export, to enter into other companies and to borrow from banks for the purposes of the Company, agents and intermediaries, commercial distribution and marketing, computer software industry, computer hardware industry and its parts, technical, engineering and commercial consultancy and computer services, including computer programming.

**27. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Board of Directors and authorized for issuance on March 26, 2025, these consolidated financial statements require General Assembly approval.

**28. COMPARATIVE FIGURES**

Certain numbers for the year 2023 have been reclassified to conform to the presentation numbers for the Year Ended December 31, 2024.