

**UNITED FINANCIAL INVESTMENTS COMPANY  
(A PUBLIC LIMITED SHAREHOLDING COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2022**

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(A PUBLIC LIMITED SHAREHOLDING COMPANY)**

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

**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**Our opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of United Financial Investments Company (A Public Limited Shareholding Company) (later on the "Company") and its subsidiaries (together "the Group") as at 31 December 2022 and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions.

***What we have audited***

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the Notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

**Basis of opinion**

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

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

**Independence**

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



## Our audit approach

### Overview

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

We have designed the scope of the audit to perform sufficient procedures that enable us to express an opinion on the consolidated financial statements as a whole, taking into account the Groups structure, accounting processes, controls and business segments.

### Key audit matter

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

Key audit matter	How our audit addressed the key audit matter
<b>Measurement of Expected Credit Losses</b>	
<p>The Group applies the Expected Credit Loss model (ECL) on all its financial instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income and financial guarantee contracts including financing commitments in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions.</p> <p>The Group exercises significant judgement and makes a number of assumptions in developing its ECL models, which includes probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default for both funded and unfunded exposures, forward looking adjustments and staging criteria.</p>	<p>We performed the following audit procedures on the computation of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2022:</p> <ul style="list-style-type: none"> <li>➤ We assessed and tested the design and operating effectiveness of the controls over the calculation of the excepted credit losses model.</li> <li>➤ We tested the completeness and accuracy of the data used in the calculation of ECL.</li> <li>➤ For a sample of exposures, we checked the appropriateness of the Group's application of the staging criteria.</li> </ul>

For defaulted exposures, the Group exercises judgements to estimate the expected future cash flows related to individual exposures, including the value of collateral.

The Group's impairment policy under IFRS 9 as amended by the Central Bank of Jordan Instructions is presented in notes (2 and 4) to the consolidated financial statements, and which is related to the differences between IFRS 9 as should be implemented and what was implemented based on the Central Bank of Jordan instructions, and the significant accounting policies implemented when calculating the expected credit loss.

Measurement of ECL is considered as a key audit matter as the Group applies significant judgments and makes a number of assumptions in the staging criteria applied to the financial instruments as well as in developing ECL models for calculating its impairment provisions and the expected value of the corresponding collaterals.

➤ We involved our internal specialists to assess the following areas:

- Conceptual framework used for developing the Group's impairment policy in the context of its compliance with the requirements of IFRS 9 as amended by the Central Bank of Jordan instructions.
  - ECL modelling methodology and calculations used to compute the probability of default (PD), loss given default (LGD), and exposure at default (EAD) for the Group's classes of financial instruments.
  - Reasonableness of the assumptions made in developing the modelling framework including assumptions used for estimating forward looking scenarios and significant increase in credit risk.
  - Recalculation of the expected credit losses for a sample of the impaired financial assets at each stage.
- In addition, for the Stage 3 corporate portfolio, the appropriateness of provisioning assumptions were independently assessed for a sample of exposures selected on the basis of risk and the significance of individual exposures. An independent view was formed on the levels of provisions recognised, based on the detailed loan and counterparty information available in the credit file. For the Stage 3 retail portfolio, assumptions were independently assessed for each product category and an independent view was formed on the levels of provisions recognised at each category level.
- We recalculated the provision for non-performing loans in accordance with the Central Bank of Jordan Instructions Number (47/2009).
- We compared the expected credit loss calculated in accordance with IFRS 9 as amended by the Central Bank of Jordan Instructions with the provision for expected credit losses calculated in accordance with the instructions of the Central Bank of Jordan No. (47/2009) and ensured that the Group has recorded whichever is higher.
- We assessed the consolidated financial statements disclosures to ensure compliance with IFRS 7 and IFRS 9 as amended by the Central Bank of Jordan Instructions. We have also ensured completeness and accuracy of the disclosures by verifying the information to accounting records.



## **Other information**

The directors are responsible for the other information. The other information comprises all the other information included in the Group's annual report for the year 2022 (but does not include the consolidated financial statements and our auditor's report therein), which is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

#### **Report on other legal and regulatory requirements**

The Group maintains proper accounting records that are in agreement with the accompanying consolidated financial statements. We recommend that the General assembly of the Shareholders approve these consolidated financial statements.

For and on behalf of PricewaterhouseCoopers "Jordan"

A handwritten signature in blue ink, appearing to read "Hazem Hanna Sababa".

Hazem Hanna Sababa  
License No. (802)

Amman - Jordan  
28 February 2023



**UNITED FINANCIAL INVESTMENTS COMPANY**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	31 December 2022 JD	31 December 2021 JD
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	5	654,005	339,797
Intangible assets		1,560	51
Seized assets	6	4,057,768	3,394,086
Right of use leased assets		18,674	-
Financial assets at fair value through other comprehensive income	8	1,786,603	-
Deposits of settlement guarantee fund	26	50,000	25,000
Deferred tax assets	17	957,467	1,025,409
		<u>7,526,077</u>	<u>4,784,343</u>
<b>Current assets</b>			
Financial assets at fair value through profit and loss	7	-	3,422,733
Due from related parties	24	-	1,429
Net receivables -financial brokerage customers	9	12,748,910	1,719,992
Other debit balances	10	687,188	209,873
Cash on hand and at banks	11	9,584,237	56,474
		<u>23,020,335</u>	<u>5,410,501</u>
<b>Total assets</b>		<u><u>30,546,412</u></u>	<u><u>10,194,844</u></u>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Authorised and paid in capital	11	10,000,000	8,000,000
Statutory reserve	13	1,770,381	1,690,658
Voluntary reserve		40,873	40,873
Financial assets fair value reserve		(1,463,844)	(35,505)
Accumulated losses		(2,504,457)	(2,125,051)
<b>Net shareholders' equity</b>		<u>7,842,953</u>	<u>7,570,975</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term loan	24	14,143,750	270,000
Lease liabilities		18,259	-
Employees end of service provision	17	194,996	130,192
		<u>14,357,005</u>	<u>400,192</u>
<b>Current liabilities</b>			
Current portion of long-term loan	24	2,829,583	120,000
Bank overdraft	13	2,001,184	757,330
Current portion of lease liabilities		1,215	-
Payables - financial brokerage customers	15	1,761,055	668,834
Other credit balances	16	1,476,194	435,916
Due to related parties	25	2,086	183,392
Income tax provision	18	275,137	58,205
		<u>8,346,454</u>	<u>2,223,677</u>
<b>Total liabilities</b>		<u>22,703,459</u>	<u>2,623,869</u>
<b>Total shareholders' equity and liabilities</b>		<u><u>30,546,412</u></u>	<u><u>10,194,844</u></u>

The accompanying notes from 1 to 28 form an integral part of these consolidated financial statements



**UNITED FINANCIAL INVESTMENTS COMPANY**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	31 December 2022 JD	31 December 2021 JD
<b>Revenue</b>			
Commission income from financial brokerage - net		567,799	540,630
Loss from revaluation of financial assets at fair value through profit and loss	7	-	(394,829)
Losses from sale of financial assets at fair value through the profit and loss		552,708	(174,342)
Rental income	19	128,775	128,775
Interest income		799,455	30,484
Other income		302,382	33,298
<b>Net revenues</b>		<u>2,351,119</u>	<u>164,016</u>
<b>Expenses</b>			
Employees' expenses	20	(618,699)	(660,313)
Other expenses	21	(846,260)	(232,524)
Depreciation and amortisation		(20,628)	(19,464)
Expected credit losses for brokerage customers and margin receivables	9	(138,084)	6,774
Impairment of seized assets		(53,583)	-
Interest expense		(559,676)	(89,647)
<b>Total expenses</b>		<u>(2,236,930)</u>	<u>(995,174)</u>
Result of acquisition		459,385	-
<b>Profit (loss) for the year before tax</b>		<u>573,574</u>	<u>(831,158)</u>
Income tax for the year	17	(342,367)	(125,588)
<b>Profit (loss) for the year</b>		<u>231,207</u>	<u>(956,746)</u>
Add: other comprehensive income items		(1,959,229)	-
<b>Total comprehensive loss for the year</b>		<u>(1,728,022)</u>	<u>(956,746)</u>
Basic and diluted earnings per share for the year	22	<u>0.02</u>	<u>(0.12)</u>

The accompanying notes from 1 to 28 form an integral part of these consolidated financial statements

**UNITED FINANCIAL INVESTMENTS COMPANY**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Authorised and paid in capital	Statutory reserve	Voluntary reserve	Financial assets fair value reserve	Accumulated losses	Net shareholders' equity
	JD	JD	JD	JD	JD	JD
<b>2022</b>						
<b>Balance as at 1 January 2022</b>	8,000,000	1,690,658	40,873	(35,505)	(2,125,051)	7,570,975
Increase in paid-in capital (note 11)	2,000,000	-	-	-	-	2,000,000
Profit for the year	-	-	-	-	231,207	231,207
Other comprehensive income items	-	-	-	(1,959,229)	-	(1,959,229)
Profit (loss) on sale of financial assets at fair value through other comprehensive income	-	-	-	530,890	(530,890)	-
Transfer to statutory reserve	-	79,723	-	-	(79,723)	-
<b>Balance as at 31 December 2022</b>	<u>10,000,000</u>	<u>1,770,381</u>	<u>40,873</u>	<u>(1,463,844)</u>	<u>(2,504,457)</u>	<u>7,842,953</u>
<b>2021</b>						
<b>Balance as at 1 January 2021</b>	8,000,000	1,690,658	40,873	(35,505)	(1,168,305)	8,527,721
Total comprehensive loss for the year	-	-	-	-	(956,746)	(956,746)
<b>Balance as at 31 December 2021</b>	<u>8,000,000</u>	<u>1,690,658</u>	<u>40,873</u>	<u>(35,505)</u>	<u>(2,125,051)</u>	<u>7,570,975</u>

The accompanying notes from 1 to 28 form an integral part of these consolidated financial statements

**UNITED FINANCIAL INVESTMENTS COMPANY  
(A PUBLIC LIMITED SHAREHOLDING COMPANY)  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	31 December 2022 JD	31 December 2021 JD
<b>Operating activities</b>		
Profit (loss) for the year before tax	573,574	(831,158)
<b>Adjustments</b>		
Depreciation and amortisation	20,628	27,825
Depreciation of right of use leased assets	5,200	-
Loss (gain) on valuation of financial assets at fair value through profit and loss	-	394,829
Expected credit losses for brokerage and margin receivables	138,084	68,255
Reversed from expected credit losses	-	(6,774)
Impairment expense on seized assets	53,583	-
(Gain) loss on sale of financial assets at fair value through the profit and loss	(552,708)	174,342
Gain on sale of property and equipment	(2,602)	(32,040)
Provision for employee end of service fund	75,217	20,578
Interest expense	559,676	89,647
Interest income	(799,455)	(30,484)
<b>Change in working capital items</b>		
Financial assets at fair value through profit and loss	3,975,441	269,718
Receivables - financial brokerage customers	(11,167,002)	(437,196)
Deposits of settlement guarantee fund	(25,000)	-
Other debit balances	(477,315)	(178,242)
Due from related parties	1,429	25,258
Due to related parties	(181,306)	148,558
Payables - financial brokerage customers	1,092,221	(605,759)
Other credit balances	1,040,278	383,084
<b>Net cash flows used in operating activities before income tax and end of service paid</b>	<b>(5,670,057)</b>	<b>(519,559)</b>
Income tax paid	(54,678)	(14,639)
Employee end of service provision paid	(10,413)	(184,963)
<b>Net cash flows used in operating activities</b>	<b>(5,735,148)</b>	<b>(719,161)</b>
<b>Investing activities</b>		
Purchases of property and equipment	(13,749)	(15,912)
Additions to projects under construction	(321,985)	-
Additions to seized assets	(717,265)	(87,080)
Increase in authorized paid-in capital	2,000,000	-
Additions to financial assets at fair value through other comprehensive income	(1,786,603)	-
Additions to financial assets fair value reserve – net	(1,428,339)	-
Proceeds from sale of property and equipment	4,541	32,343
Purchases of intangible asset	(2,550)	(651)
Interest income received	799,455	30,484
<b>Net cash flows (used in) generated from investing activities</b>	<b>(1,466,495)</b>	<b>40,816</b>
<b>Financing activities</b>		
Loans	16,583,333	(120,000)
Interest paid	(559,676)	(89,647)
(Loss) profit on sale of financial assets at fair value through other comprehensive income	(530,890)	-
Lease liability payments	(7,215)	-
<b>Net cash flows from (used in) financing activities</b>	<b>15,485,552</b>	<b>(209,647)</b>
<b>Net change in cash and cash equivalents</b>	<b>8,283,909</b>	<b>(969,624)</b>
Cash and cash equivalents as at 1 January (Note 11)	(700,856)	268,768
<b>Cash and cash equivalents as at 31 December</b>	<b>7,583,053</b>	<b>(700,856)</b>

The accompanying notes from 1 to 28 form an integral part of these consolidated financial statements

**(1) GENERAL INFORMATION**

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

The Company is listed on Amman Stock Exchange.

The Company is 77.9% owned by Jordan Kuwait Bank. The financial statements are consolidated with that of Jordan Kuwait Bank and the Company's head office is located in Amman, Shmeisani - Abdul Aziz Al Th'albi Street, P.O. Box 927250 - Amman 11192, the Hashemite Kingdom of Jordan.

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

The Company has been granted approval from the Jordan Securities Commission to operate in margin financing on 20 October 2006.

The financial statements were approved by the Parent Company's Board of Directors (Jordan Kuwait Bank) on 7 February 2023.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**2-1 Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as amended by the Central Bank of Jordan.

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

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

**The main differences between the IFRSs as they shall be applied and what was amended by the Central Bank of Jordan are the following:**

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

Provisions for expected credit losses are calculated in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) "Application of the IFRS (9)" dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the Group operates, whichever is stricter. The significant differences are as follows:

- a. Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit losses.
- b. When calculating credit losses against credit exposures, the calculation results are compared according to IFRS (9) under the instructions of the Central Bank of Jordan No. (2009/47) of 10 December 2009 for each stage separately and the stricter results are booked.

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

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

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

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

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

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

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

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

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

- 1) The existence of dues for a period of more than (60) days and less than (90) days for the principal of credit facilities and/or interest.
- 2) Exceeding the overdraft predetermined limit by (10%), and for a period of more than (60) days and less than (90) days.
- 3) Credit facilities that have previously been classified as non-performing credit facilities then reclassified from the list upon meeting the rescheduling criteria.
- 4) Acceptable-risk credit facilities that has been rescheduled twice in one year.
- 5) Credit facilities that have been expired for more than 60 days and less than (90) days and have not been renewed.

This is in addition to other conditions detailed in the instructions.

**D) Non-performing credit facilities:**

The credit facilities that have any of the following characteristics:

- 1) They are past due, or the maturity of one of their instalments, or default payment of the principal amount and / or interest, or dormant current debit account for the following periods:

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

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

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

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

The accounting policies used in preparing the consolidated financial statements are consistent with the accounting policies that were followed in preparing the consolidated financial statements for the year ended 31 December 2021, with the exception of the effect of applying new and revised IFRSs, which became effective for financial periods beginning on or after 1 January 2022, as mentioned in Note (2.2)

**UNITED FINANCIAL INVESTMENTS COMPANY**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**2.2 Basis of Consolidation**

The consolidated financial statements of the Group include the financial statements of the Company and its controlled subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

Subsidiary	Date of control	Country	Paid in capital	Percentage of ownership
			JD	%
Specialized Managerial Company for Financial Consultancy	12 September 2021	Jordan	530,000	100
Mawared Financial Brokerage Company	1 June 2022	Jordan	3,000,000	100
Arab Financial Investments Company	20 December 2022	Jordan	4,800,000	100

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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**2.3 Changes in Accounting Policies**

**(a) New and amended standards and interpretations issued and adopted by the Group in the financial year beginning on 1 January 2022:**

<b>New standard</b>	<b>Description</b>	<b>Effective date</b>
<b>Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16</b>	<p><b>The amendment to IAS 16 Property, Plant and Equipment (PP&amp;E)</b> prohibits an entity from deducting from the cost of an item of PP&amp;E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.</p> <p>Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.</p>	1 January 2022
<b>Reference to the Conceptual Framework – Amendments to IFRS 3</b>	<b>Minor amendments were made to IFRS 3 Business Combinations</b> to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1 January 2022
<b>Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37</b>	<b>The amendment to IAS 37</b> clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022
<b>Annual Improvements to IFRS Standards 2018–2020</b>	<p><b>The following improvements were finalised in May 2020:</b></p> <p><b>IFRS 9 Financial Instruments</b> – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.</p> <p><b>IFRS 16 Leases</b> – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.</p> <p><b>IFRS 1 First-time Adoption of International Financial Reporting Standards</b></p> <p>– allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.</p> <p><b>IAS 41 Agriculture</b> – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.</p>	1 January 2022



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

**New standards issued and not yet applicable or early adopted by the Group for the periods starting on or after 1 January 2022:**

<b>Standard</b>	<b>Description</b>	<b>Effective date</b>
<b>IFRS 17 Insurance Contracts</b>	<b>IFRS 17</b> was issued in May 2017 as replacement for IFRS 4 Insurance Contracts.	1 January 2023
<b>Classification of Liabilities as Current or Non-current – Amendments to IAS 1</b>	<p><b>The narrow-scope amendments to IAS 1 Presentation of Financial Statements</b> clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.</p> <p>The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.</p> <p>They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.</p>	1 January 2023 (deferred from 1 January 2022)
<b>Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2</b>	<p><b>The IASB amended IAS 1</b> requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.</p> <p>To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p>	1 January 2023
<b>Definition of Accounting Estimates – Amendments to IAS 8</b>	<b>The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors</b> clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023

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Standard	Description	Effective date
<b>Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12</b>	<p><b>The amendments to IAS 12 Income Taxes</b> require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.</p> <p>The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:</p> <ul style="list-style-type: none"> <li>• right-of-use assets and lease liabilities, and</li> <li>• decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.</li> </ul> <p>The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.</p> <p>IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.</p>	1 January 2023
<b>Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28</b>	<p>The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures</p> <p>The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).</p>	NA

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

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

**2-3 Foreign currency translation**

**(A) Functional and presentation currency**

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

**(B) Transactions and balances**

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

**2-4 Property and equipment**

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

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

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

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

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

An asset's book value is written down to its recoverable amount if the asset's net book value is greater than its recoverable amount, and the decrease is recognised in the statement of comprehensive income (Note 2-6).

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

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**2-5 Intangible assets**

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

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

	%
Intangible assets	50

**2-6 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are impaired at the end of each financial period are reviewed for possible reversal of the impairment.

**2-7 Investment in associates**

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method, which provides that the investment is recognised at cost of acquisition and adjusted to the Company's share of the associate's profit or loss.

The consolidated financial statements of the associates are prepared for the same financial year using the same accounting policies used by the Company. If the accounting policies adopted by the associates are different, the required adjustments are made on the financial statements of the associates to be consistent with the accounting policies used by the Company.

**2-8 Financial assets at fair value through the statement of income**

Financial assets through the statement of income represent investments in equity; the objective of holding them is to maintain profit from fluctuations in short-term market prices or profit margin of trading operations.

These assets are recognised at fair value upon purchase, and acquisition expenses are recognised in the statement of income upon purchase and they are revalued at fair value. Changes in the fair value are included in the statement of income. In the case of selling such assets or part thereof, the resulting profits or losses are recorded in the statement of income.

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

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

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

Dividends are recognised in the consolidated statement of income.

**2-10 Financial instruments**

**Initial recognition of measurement:**

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

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

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

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

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

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

**Initial recognition**

All financial assets are recognised on the trade date where the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and is initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value in the statement of profit or loss. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in the statement of profit or loss.

### **Subsequent measurement**

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

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

The financing instruments held within the business model that aim to both collect contractual cash flows and sell debt instruments, which have contractual cash flows that are SPPI on the principal amount outstanding, and are subsequently measured at fair value through other comprehensive income;

All other financing instruments (such as debt instruments managed on fair value basis, or held for sale), and equity investments are subsequently measured at fair value through the statement of income.

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

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

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

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are tested for impairment.

### **Expected credit losses**

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

Cash at banks  
Receivables from financial brokerage customers  
Due from related parties

Impairment loss is not recognised on equity instruments.

With the exception of financial assets originated or purchased that have low credit value (which are considered separately below), ECL are required to be measured through a loss allowance at an amount equal to:

12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that can be realised within 12 months after the reporting date, referred to in Stage 1; or

12-month ECL, i.e. lifetime ECL that result from those possible default events over the age of the financial instrument, referred to in Stage 2 and Stage 3.

A loss allowance for 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, ECL are measured at an amount equal to the 12-month ECL.

ECL are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive, which arise from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

**2-11 Cash on hand and at banks**

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

**2-12 Fair value of financial assets**

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

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

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

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

**2-13 Payables – Financial brokerage customers**

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

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

**2-14 Borrowings and bank overdraft**

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

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

**2-15 Seized assets**

Assets seized by the Group appear in the consolidated statement of financial position within seized assets, at the lower of amount reverted to the Group or the fair value, and are reassessed on the date of the financial statements individually. Any impairment in their value is recorded as a loss in the statement of profit or loss and the increase is not recorded as revenue. The subsequent increase is taken to the consolidated statement of profit or loss to the extent that it does not exceed the value of the previously recorded impairment.

**2-16 Revenue and expenses recognition**

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

Interest revenues and expenses are recognised on accrual basis.

Expenses are recognised on accrual basis.

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

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

**2-17 Provisions**

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

**2-18 Income tax**

Tax expenses represent amounts of tax payable.

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

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

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



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**2-19 Employees' benefits**

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

(B) Provision for end of service compensation

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

**2-20 Deposits of settlement guarantee fund**

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

**2-21 Financial instruments by category**

	2022 JD	2021 JD
<b>Assets as per the statement of financial position</b>		
Deposits of settlement guarantee fund	50,000	25,000
Financial assets at fair value through profit and loss	-	3,422,733
Due from related parties	-	1,429
Net receivables -financial brokerage customers	12,748,910	1,719,992
Other debit balances (excluding prepayments)	601,215	189,196
Cash on hand and at banks	9,584,237	56,474
	<u>22,984,362</u>	<u>5,414,824</u>
<b>Liabilities as per the statement of financial position</b>		
<b>Financial liabilities at amortised cost</b>		
Loan	16,973,333	390,000
Bank overdraft	2,001,184	757,330
Due to related parties	2,086	183,392
Payables - financial brokerage customers	1,761,055	668,834
Other credit balances(excluding statutory liabilities)	1,476,196	356,134
Lease liabilities	19,474	-
	<u>22,233,328</u>	<u>1,999,912</u>

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**(3) RISK MANAGEMENT**

**3-1 Financial risk factors**

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

**A- Market risk**

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

**- Foreign currency risk**

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

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

**- Interest rate risk**

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

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

<b>Currency</b>	<b>Increase in interest rate %</b>	<b>Impact on loss after tax JD</b>
<b>2022</b>		
Jordanian Dinar	1	(189,745)
<b>2021</b>		
Jordanian Dinar	1	(11,473)

**- Price risk**

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

	<b>Change in price</b>	<b>31 December 2022 JD</b>	<b>31 December 2021 JD</b>
Impact on profit and loss	5%	89,330	171,137

In the event of an adverse change in the indicator, the effect is expected to be equal and opposite to the effect shown above.

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**B- Credit risk**

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

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

	Credit rating	2022 JD	2021 JD
Cairo Amman Bank	B1	-	1,056
Jordan Kuwait Bank	B+	5,679,962	55,115
Invest Bank	BB	2,867,197	-
Etihad Bank	B1	10,045	-
Ahli Bank	B+	1,021,125	-
		<u>9,578,329</u>	<u>56,171</u>

**C- Liquidity risk**

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

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

The table below analyses the financial liabilities of the Group (that are not discounted) to certain categories as at the consolidated statement of financial position date based on the maturity date of the remaining periods.

	Less than 1 year JD	More than 1 year JD
<b>As at 31 December 2022</b>		
Loans	2,829,583	14,143,750
Bank overdraft	2,001,184	-
Due to related parties	2,086	-
Payables - financial brokerage customers	1,761,055	-
Other credit balances (excluding statutory liabilities)	1,465,441	-
Lease liabilities	19,474	-
<b>As at 31 December 2021</b>		
Loans	120,000	270,000
Bank overdraft	757,330	-
Due to related parties	183,392	-
Payables - financial brokerage customers	668,834	-
Other credit balances (excluding statutory liabilities)	356,143	-

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**3-2 Capital risk management**

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

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

Gearing ratio was as follows:

	2022	2021
	JD	JD
Total borrowings	18,974,517	1,147,330
Cash on hand and at banks	(9,584,237)	(56,474)
<b>Net debt</b>	9,390,280	1,090,856
Net shareholders' equity	7,842,953	7,570,975
Total capital	17,233,233	8,661,831
<b>Gearing ratio</b>	54%	13%

**(4) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

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

**(A) Provision of expected credit loss for receivables of financial brokerage clients and margin receivables**

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

**(B) Income tax**

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

**(C) Provision for employee end of service indemnity**

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

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**(5) PROPERTY AND EQUIPMENT**

	Lands and buildings	Furniture and fixtures	Decorations	Office equipment	Computers	Vehicles	Projects under construction	Total
	JD	JD	JD	JD	JD	JD		JD
<b>2022</b>								
<b>Cost</b>								
1 January 2022	469,906	62,555	97,249	203,112	133,743	41,469	-	1,008,034
Additions	-	476	-	2,876	4,414	-	321,985	329,751
Result of acquisition	-	-	-	232	5,751	-	-	5,983
Disposals	(1,262)	-	(97,249)	(22,479)	(107)	-	-	(121,097)
Disposals resulting from acquisition	-	(2,358)	-	(14,708)	-	-	-	(17,066)
31 December 2022	468,644	60,673	-	169,033	143,801	41,469	321,985	1,205,605
<b>Accumulated depreciation</b>								
1 January 2022	152,975	62,326	96,393	193,624	132,550	30,369	-	668,237
Depreciation expense	9,373	673	-	2,284	5,036	3,262	-	20,628
Related to disposals	(179)	-	(96,393)	(24,377)	(107)	-	-	(121,056)
Related to acquisition	-	(2,358)	-	(13,851)	-	-	-	(16,209)
31 December 2022	162,169	60,641	-	157,680	137,479	33,631	-	551,600
<b>Net book value at 31 December 2022</b>	306,475	32	-	11,353	6,322	7,838	321,985	654,005

Fully depreciated assets as at 31 December 2022 amounted to 628,432 (2021: JD 493,040).

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	Lands and buildings JD	Furniture and fixtures JD	Decorations JD	Office equipment JD	Computers JD	Vehicles JD	Total JD
<b>2021</b>							
<b>Cost</b>							
1 January 2021	466,906	59,625	97,249	190,205	134,282	115,902	1,067,169
Additions	-	3,005	-	12,907	-	-	15,912
Disposals	-	(75)	-	-	(539)	(74,433)	(75,047)
31 December 2021	469,906	62,555	97,249	203,112	133,743	41,469	1,008,034
<b>Accumulated depreciation</b>							
1 January 2021	143,577	59,349	95,996	184,664	130,650	102,582	716,818
Depreciation expense	9,398	3,052	397	8,960	2,136	2,220	26,163
Related to disposals	-	(75)	-	-	(236)	(74,433)	(74,744)
31 December 2021	152,975	62,326	96,393	193,624	132,550	30,369	668,237
<b>Net book value at 31 December 2021</b>	<u>316,931</u>	<u>229</u>	<u>856</u>	<u>9,488</u>	<u>1,193</u>	<u>11,100</u>	<u>339,797</u>

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**(6) Seized assets**

	<u>2022</u>	<u>2021</u>
	JD	JD
<b>Cost</b>		
Balance as at 1 January	3,394,086	3,307,006
Additions during the year	572,230	87,080
Disposals during the year	(572,230)	-
Impairment expense	717,265	-
Resulting from acquisition	(53,583)	-
Balance as at 31 December	<u>4,057,768</u>	<u>3,394,086</u>

The Board of Directors, in its meeting held on 1 December 2019, decided to seize a property in against doubtful debts. Where the company evaluated this property by several real estate appraisers. The latest appraisal was performed at 14 June 2022.

**(7) Financial assets at fair value through profit and loss**

	<u>2022</u>	<u>2021</u>
	JD	JD
Companies' shares traded in Amman Stock Exchange	-	3,817,562
Change in fair value	<u>-</u>	<u>(394,829)</u>
	<u>-</u>	<u>3,422,733</u>

The above financial assets are stated at fair value.

**(8) Financial assets at fair value through other comprehensive income**

	<u>2022</u>	<u>2021</u>
	JD	JD
Companies' shares traded in Amman Stock Exchange	3,214,942	-
Change in fair value	<u>(1,428,339)</u>	<u>-</u>
	<u>1,786,603</u>	<u>-</u>



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**(9) Net receivables -financial brokerage customers**

	202 <sup>٢</sup> JD	202 <sup>١</sup> JD
Receivables from financial brokerage customers	962,103	2,004,291
Receivables from margin trading customers*	3,597,277	1,164,176
Additions resulting from acquisition	179,985	-
Additions resulting from acquisition - margin	11,049,732	-
Receivables of the Managerial Company	68,150	68,150
	15,857,247	3,236,617
Expected credit loss provision	(3,076,624)	(1,448,975)
Interest in suspense	(31,713)	(67,650)
	12,748,910	1,719,992

\* The Group grants facilities to customers up to a maximum of 100% of initial margin of the market value of securities on the date of purchase provided that this percentage is not less than 30% of (maintenance margin) of the customer's investment value as per marginal financing instructions for the year 2006 issued by the Jordan Securities Commission with interest up to 12.75% with a guarantee of financing investments and reviewed on a periodic basis. The details as at 31 December 2022 are as follows:

- The total market value of the portfolios is JD 28,216,191 (2021: JD 1,371,414).
- The total funded by the Company is JD 12,609,973 (2021: JD 386,195).
- Total funded by customers (security margin) JD 16,337,169 (2021: JD 985,219).
- The percentage of amounts funded by customers to the total market value of the portfolios is 57.9% (2021: 71.8%).

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

Total due accounts receivable as follows:

	202 <sup>٢</sup> JD	202 <sup>١</sup> JD
Receivables - brokerage customers		
1 – 7 days	207,220	495,178
8 – 30 days	25,724	955,850
31 – 60 days	7,149	16,996
61 – 90 days	60,161	530
91 – 120 days	-	1,035
Over 120 days	909,984	534,702
	1,210,238	2,004,291
Receivables of margin trading customers	3,597,277	1,164,176
Trade receivables	-	68,150
Result of the acquisition	11,049,732	-
	15,857,247	3,236,617

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

	2022 JD	2021 JD
Balance as at 1 January	1,516,625	1,606,174
Provision during the year	292,409	-
Acquisition - Arab Investments Company	854,621	-
Acquisition - Mawared Brokerage Company	412,969	-
Acquisition - Mawared	31,713	68,255
Debts write-off	-	(151,030)
Reversed from provision during the year	-	(6,774)
Balance as at 31 December	<u>3,108,337</u>	<u>1,516,625</u>

The details of the provision of impairment of receivables from financial brokerage customer in accordance with the International Financial Reporting Standard No. (9) as amended by the Central Bank of Jordan:

	2022 JD	2021 JD
Stage 1	55,857	-
Stage 2	1,664	75,684
Stage 3	<u>3,050,816</u>	<u>1,440,941</u>
	<u>3,108,337</u>	<u>1,516,625</u>

The movement on facilities as per the requirements of IFRS 9 as it relates to financial brokerage customers and margin receivables purchased at a reduced value (Purchased or Originated Credit Impaired – POCI):

	Stage 1 JD	Stage 2 JD	Stage 3 JD	Purchased facilities are of low risk POCI JD	Total JD
Beginning Balance	9,722	1,555,532	1,671,364	-	3,236,618
Additions	275,329	2,868,763	-	-	3,144,092
Disposals	(85,753)	(577,324)	(1,054,300)	-	(1,717,377)
Additions resulting from acquisition during the year	8,230,509	-	-	1,519,920	9,750,429
31 December 2022	<u>8,429,807</u>	<u>3,846,971</u>	<u>617,064</u>	<u>1,519,920</u>	<u>14,413,762</u>

**(10) Other debit balances**

	2022 JD	2021 JD
Employees' receivables	32,303	6,157
Prepayments	85,980	20,961
Refundable deposits	213,205	7,755
Cheques under collection	63,037	175,000
Subscriptions	19,032	-
Tax deposits	41,923	-
Trading settlement	192,324	-
Other receivables	<u>39,384</u>	<u>-</u>

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	687,188	209,873
<b>(11) CASH ON HAND AND AT BANKS</b>		
	2022	2021
	JD	JD
Cash on hand	5,908	303
Cash at banks	9,578,329	56,171
	<u>9,584,237</u>	<u>56,474</u>

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

	2022	2021
	JD	JD
Cash on hand and at banks	9,584,237	56,474
Bank overdraft (Note 13)	(2,001,184)	(757,330)
	<u>7,583,053</u>	<u>(700,856)</u>

**(12) AUTHORISED AND PAID IN CAPITAL**

The authorized and paid-up capital of the Group is JD 10,000,000 divided into 10,000,000 fully paid-up shares with a par value of JD 1 per share as at 31 December 2022 (2021: 8,000,000).

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

The Group is 77.9% owned by Jordan Kuwait Bank and the ultimate parent company is Al Rawabi Holding.

**(13) STATUTORY RESERVE**

In accordance with the requirements of the Jordanian Companies Law and the Bylaws, the Group shall deduct 10% of the annual net profits and transfer them to the statutory reserve. This deduction shall continue for each year, provided that the balance of the statutory reserve shall not exceed 25% of the Group's capital. For the purposes of this Act, net profit represents profit before deduction of income tax provision. This reserve is not available for distribution to shareholders.

**(14) Loans and bank overdrafts**

**Bank overdrafts**

The Group was granted short-term facilities from local banks with a ceiling of JD 4,750,000, as at 31 December 2022 (2021: JD 750,000). These facilities are granted to the Group by Capital Bank, Housing Bank and Jordan Kuwait Bank and are subject to annual interest rates in the local market, where interest rates vary between 4.5, 7% and 9.25% during the year 2022 (2021: 8%).

**Bank loans**

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

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

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**(15) Payables - financial brokerage customers**

	<u>2022</u> JD	<u>2021</u> JD
Due to financial brokerage customers	720,107	668,834
Impact of acquisition	<u>1,040,948</u>	<u>-</u>
	<u>1,761,055</u>	<u>668,834</u>

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

**(16) Other credit balances**

	<u>2022</u> JD	<u>2021</u> JD
Due to Shareholders'	285,246	24,453
Accrued expenses	48,574	37,134
Employees income tax deposits	5,200	61,793
Customers' deposits	18,339	1,517
Checks under collection	63,031	175,000
Social security deposits	5,552	17,980
AI – Arabia shares deposits	801,514	-
Others	<u>248,738</u>	<u>118,039</u>
	<u>1,476,194</u>	<u>435,916</u>

**(17) Provision For Employees' End Of Service**

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

The basis for calculating this provision is as follows:

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

Movement on end of service compensation provision is as follows:

	<u>2022</u> JD	<u>2021</u> JD
Balance as at 1 January	130,192	294,577
Charged to statement of comprehensive income (Represents the cost of the current service and the discount value)	19,037	20,578
Result from acquisition – Arab company provision	56,180	-
Employees end of service provision paid	<u>(10,413)</u>	<u>(184,963)</u>
Balance as at 31 December	<u>194,996</u>	<u>130,192</u>

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The primary assumptions comprise of the following:

	<u>2022</u>	<u>2021</u>
	%	%
Discount rate	5.42	7.91
Salary growth rate	5.14	7.14

**(18) Income Tax**

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance as at 1 January	300,837	58,358
Income tax paid	(269,033)	(153)
Income tax deposits	(4,786)	-
Due surplus on the year's profit	248,119	-
Balance as at 31 December	<u>275,137</u>	<u>58,205</u>

Income tax stated in the statement of income is as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
Current year income tax	(113,166)	-
Tax paid	(135)	-
Deferred tax assets	<u>(229,066)</u>	<u>(125,588)</u>
	<u>(342,367)</u>	<u>(125,588)</u>

Income tax reconciliation:

	<u>2022</u>	<u>2021</u>
	JD	JD
Accounting profit (loss)	1,586,681	(831,158)
Non-deductible expenses	1,451,038	415,559
Non-taxable income	(4,754,229)	(297,107)
Carried forward losses	<u>(257,547)</u>	<u>(712,706)</u>
Taxable income	<u>(1,974,057)</u>	<u>(1,425,412)</u>
Statutory tax rate	28%	28%
Income tax for the year	248,119	-
Prior period tax	<u>136</u>	<u>(153)</u>
Tax surplus	<u>(136)</u>	<u>-</u>

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The movement on **THE** account of deferred tax assets is as follows:

	2022 JD	2021 JD
Balance at beginning of the year	1,025,409	1,136,513
Balance of Managerial Company	-	14,312
Acquisition impact - Mawared	119,817	-
Additions during the year	387,039	-
(Released) during the year	(574,798)	(125,416)
Balance at the end of the year	<u>957,467</u>	<u>1,025,409</u>

The Income tax provision was calculated for the period ending on 31 December 2022 and 31 December 2021 in accordance with Income Tax Law No. (38) of 2018. The legal income tax rate of United, Mawared and Arab Company is 28% and the rate of Specialized Managerial Company is 21%.

United Financial Investments Company has reached a final settlement with the Income and Sales Tax Department until the end of 2021.

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

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

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

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

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

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**(19) RENTAL INCOME**

	<u>2022</u> JD	<u>2021</u> JD
Building rental income - Ramtha *	104,520	104,520
Building rental income - Irbid *	24,255	24,255
	<u>128,775</u>	<u>128,775</u>

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

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

**(20) EMPLOYEES EXPENSES**

	<u>2022</u> JD	<u>2021</u> JD
Salaries and employees' benefits	514,827	477,925
Social security	55,789	50,748
Employees' end of service expenses	19,037	20,578
Health insurance	14,091	11,767
Vacations	9,875	28,842
Membership allowance for members of the Board of Directors	2,082	-
Bonus expenses	2,012	67,303
Training	986	150
Others	-	3,000
	<u>618,699</u>	<u>660,313</u>

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**(21) Other Expenses**

	<u>2022</u>	<u>2021</u>
	JD	JD
Acquisition related expenses	221,142	-
Professional fees	193,864	46,446
Fees and guarantee stamps	110,833	-
Board of Directors transportation and allowance	80,500	74,500
Bank expenses and fees	52,591	6,152
Subscription fees	38,281	19,632
Fees and licenses of financial brokerage	24,191	26,341
Capital increase expenses	16,490	-
Medical expenses	16,403	-
Fines	9,995	-
Rent	8,333	-
Post, telephone and internet	4,601	8,095
Maintenance expenses	12,725	57
Stationary	2,130	1,907
Hospitality expenses	2,056	1,176
Vehicles' expenses	1,897	5,658
Water, electricity and heating	1,611	1,454
Advertisement	1,249	1,177
Cleaning expenses	590	440
Transportation allowance	-	355
Others	46,778	39,134
	<u>846,260</u>	<u>232,524</u>

**(22) Basic And Diluted Earnings Per Share**

	<u>2022</u>	<u>2021</u>
	JD	JD
Profit (loss) for the year	231,207	(956,746)
Weighted average number of shares during the for the year	10,000,000	8,000,000
	JD/ share	JD/ share
Earnings per share for the year	0.02	(0.12)

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



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**(23) Key Segments Analysis**

	Inside the Kingdom		Outside the Kingdom		Total	
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Net profits	2,810,504	164,016	-	-	2,810,504	164,016
Total expenses	(2,236,930)	(995,174)	-	-	(2,236,930)	(995,174)
Profit (loss) for the year before tax	573,574	(831,158)	-	-	573,574	(831,158)
Income tax					(342,367)	(588,125)
Profit (loss) for the year					231,207	(956,746)

  

	Inside the Kingdom		Outside the Kingdom		Total	
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Assets	30,546,412	10,194,844	-	-	30,546,412	10,194,844
Liabilities	22,703,459	2,623,869	-	-	22,703,459	2,623,869

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**(24) Fair Value Hierarchy**

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

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

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

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

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
<b>31 December 2022</b>				
Financial assets at fair value through other comprehensive income	1,786,603	-	-	1,786,603
<b>31 December 2021</b>				
Financial assets at fair value through statement of income	3,422,743	-	-	3,422,743

The fair values of off-balance sheet financial instruments are not significantly different from their book value included in the financial statements. Fair value of customers' receivables stated at amortised cost is not significantly different from the book value stated in the financial statements.

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**(25) Related Party Transactions**

The parties are considered as related parties when they have the ability to control the other party or exercise significant influence in making financial and operational decisions:

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

Balances with related parties are as follows:

	2022	2021
	JD	JD
<b>Amounts due to related parties</b>		
Loan from Ejara Leasing Company (sister company) *	273,335	390,000
Bank overdraft at Jordan Kuwait Bank (note 13) (Parent Company)	-	757,330
Directors and key executive management	-	25,298
Due to Jordan Kuwait Bank – Parent company	2,086	158,093
<b>Due from related parties</b>		
Current accounts at Jordan Kuwait Bank (note 10) (Parent Company)	5,679,962	55,115
Senior executive management	-	1,429

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

The following transactions were carried out with related parties:

	2022	2021
	JD	JD
<b>Revenues from related parties</b>		
Jordan Kuwait Bank (parent company)	5,299	21,364
Senior executive management	-	35,684
Board of Directors	47,974	11,225
	<u>53,273</u>	<u>68,273</u>
<b>Related parties expenses</b>		
Jordan Kuwait Bank (parent company)	22,903	57,465
Members of executive senior management	170,000	374,088
Board of Directors	80,500	74,500
	31,633	-
	<u>305,036</u>	<u>506,053</u>

- Salaries, bonuses and benefits of senior executive management of the Company amounted to a total of 170,000 for the year ended 31 December 2022 (31 December 2021: JD 374,088).

**(26) Contingent Liabilities**

At the date of consolidated financial position statement, the Group has liabilities that may arise, which include bank guarantees provided by Jordan Kuwait Bank, Invest Bank and Capital Bank amounting to JD 2,870,000 at 31 December 2022 (31 December 2021: JD 931,000). In addition, Al Mawared Company has liabilities that may arise which relate to a lawsuit against Al Mawared Company in the amount of JD 10,001.

**(27) Deposits Of Settlement Guarantee Fund**

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

	<u>2022</u>	<u>2021</u>
	JD	JD
Deposits of settlement guarantee fund	<u>50,000</u>	<u>25,000</u>

**(28) Acquisition of subsidiaries**

During the year 2022, United Financial Investments Company has acquired two financial brokerage companies as follows:

**A- Al Mawared Financial Brokerage**

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

	<u>2022</u>	<u>2021</u>
	JD	JD
Total assets	9,495,658	14,263,621
Net shareholder's equity	5,196,523	13,318,876
Total liabilities	<u>4,299,136</u>	<u>944,745</u>
Total comprehensive loss	<u>(312,318)</u>	<u>638,738</u>

Preliminary Purchase price allocation study:

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

**United Financial Investments Company**  
**(A Public Limited Shareholding Company)**  
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**B- Arab Company for financial investments**

On 20 December 2022, United Financial Investments Company has acquired Arab Company for Financial Investments, in which United Financial Investments Company owns the entire shares of the capital of Arab Company for Financial Investments amounting to (4,800,000) share / JD in return for a total acquisition cost of (7,700,000) Jordanian Dinars under the provisions of article 222/B from the companies law.

	<u>2022</u>	<u>2021</u>
	JD	JD
Total assets	10,060,958	6,925,073
Total liabilities	8,158,226	5,915,467
Net shareholder's equity	<u>1,902,732</u>	<u>1,009,606</u>
Total comprehensive loss	<u><u>1,263,611</u></u>	<u><u>53,061</u></u>

Purchase price allocation study:

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

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

	<u>2022</u>
	JD
Net book value of the company's assets	6,900,170
Accounts receivable provisions and margin financing no longer needed	1,557,451
Additional provisions for impairment of fair value for plots of land	<u>(299,396)</u>
Fair value for net assets of the company	8,158,225
Purchase price paid for acquisition	<u>7,700,000</u>
Bargain purchase	<u><u>458,225</u></u>