شركة الأمل للاستثمارات المالية م.ع

AL-AMAL FINANCIAL INV. CO

NO.: 2020/197
DATE: 16/07/2020

To: Jordan Securities Commission

Amman Stock Exchange

Subject: Audited Financial Statements for the fiscal year ended 31/12/2019

Attached the Audited Financial Statements of (Al-Amal Financial Investments CO.) for the fiscal year ended 31/12/2019.

Kindly accept our high appreciation and respect

Al-Amal Financial Investments CO.

Acting General Manager
Safwat Abu Shammaleh

بورصة عمان
الدائرة الإدارية والمالية
الديوان
١٦ تموز ٢٠٢٠
الرقم المتسلسل:
رقم الملف:
الجهة المختصة:

شركة الأمل للاستثمارات المالية
Al-Amal Financial Investments Co.
هاتف: ٥٦٧١٤٨٥
فاكس: ٥٦٦٧٩٩٣

الشميساني مجمع بنك الاسكان الطابق ٢ - هاتف: ٥٦٧١٤٨٥ - فاكس: ٥٦٦٧٩٩٣ - ص.ب ٩٦١٥٩٨ عمان ١١١٩٦ - الأردن - ايميل info@alamal.com.jo
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AL AMAL FINANCIAL INVESTMENTS COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2019

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Al Amal Financial Investments Company
Public Shareholding Company
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Amal Financial Investments Company P.L.C (the Company), which comprise the statement of financial position as at 31 December 2019, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for 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 Financial Statements section of our report. We are independent of the Company in accordance with the International *Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Other Matter

The financial statements for the year ended 31 December 2018 were audited by another auditor and an unqualified opinion was issued on 17 March 2019.The Company's financial statements were not approved by the general assembly on its meeting dated 30 April 2019. The Companies Registrar formed a committee of experts to audit the points raised by the general assembly that were included in the summary of reasons on why the financial statements for the year 2018 were not approved. The Committee of Experts issued its report about the financial statements for the year ended 2018 on 20 August 2019 and the committee's suggestions were recorded on the financial statements for the year 2018, the financial statements were approved by the general assembly in their extraordinary meeting dated 12 January 2020.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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1. Adequacy of provision of expected credit losses for trade receivables and margin receivables.	
Key Audit matter	**Scope of Audit procedures to Address the key audit matter**
The provision of expected credit losses is considered a key audit matter to the financial statements, as its calculation requires assumptions and requires management's use of estimates for calculating the extent and timing of recording provision for expected credit losses. Trade receivables and margin receivables constitute a large portion of the company's total assets, and there is a possibility that the calculation of the provision for expected credit loss is not accurate either due to the use of inaccurate data or the use of unreasonable assumptions. Given the importance of the provisions used to classify accounts receivable at various stages according to what is stipulated in the expected credit losses, the auditing procedures in this regard were considered key audit matters. Trade receivables (Note 5) amounted to JD 10,262,199 and provision for expected credit losses amounted to JD 4,686,205. Margin receivables (Note 6) amounted to JD 5,862,342 and provision for expected credit losses amount to JD 2,782,885 as of 31 December 2019. The expected credit loss policy is presented in the accounting policies used in the preparation of these financial statements in Note 2.	Audit procedures consisted of the following: We have read and understood the company's policy in calculating provisions compared to the requirements of IFRS 9. We evaluated the company's expected credit loss model, with a special focus on the suitability of the company's expected credit loss model and core methodology with the requirements of IFRS 9. We have examined a sample of receivables and margin receivables individually, and we have performed the following procedures to assess the below: - Evaluate the reasonableness of estimates and assumptions used by the company's management in regard to the mechanism used for calculating the provision for expected credit losses. - Examining and comparing the market value of customers investment portfolios compared to the book value of portfolios. - We have tested a sample of key items from trade receivables and margin receivables to assess their recoverability based on management estimates. We also checked whether these balances exceeded the due date and collection date for the customer and if any payments were received after the end of the year up to the date of completing our audit procedures.

Other information included in the Al Amal for Financial Investments Company 2019 annual report.

Other information consists of the information included in The Company's Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the financial statements.

The partner in charge of this engagement is Waddah Isam Barkawi license no. 591.

Amman – Jordan
15 March 2020

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AL AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	Notes	2019	31 December 2018 "Restated" (Note 3)	1 January 2018 "Restated" (Note 3)
		JD	JD	JD
ASSETS				
Cash on hand and at banks	4	759,769	405,942	396,642
Trade Receivables	5	5,575,994	6,219,786	7,969,228
Margin Receivables	6	3,079,457	2,683,969	3,956,820
Other current assets	7	252,915	162,486	158,145
Financial assets at fair value through other comprehensive income	9	413,697	778,893	976,449
Property and equipment – net	8	78,275	74,576	86,553
Deferred tax assets	14	1,532,363	1,454,650	1,030,722
Total Assets		11,692,470	11,780,302	14,574,559
LIABILITIES AND EQUITY				
Liabilities				
Bank Overdraft	10	-	1,000,543	1,038,056
Trade payable	11	546,777	220,825	326,401
Other current liabilities	12	211,572	205,923	278,717
Income tax provision	14	88,172	51,270	114,995
Total Liabilities		846,521	1,478,561	1,758,169
Equity				
Paid in capital	1	15,000,000	15,000,000	15,000,000
Statutory reserve	13	1,597,984	1,555,163	1,555,163
Fair value reserve	9	(176,753)	(698,561)	(2,173,161)
Accumulated Losses		(5,575,282)	(5,554,861)	(1,565,612)
Total Equity		10,845,949	10,301,741	12,816,390
Total Liabilities and Equity		11,692,470	11,780,302	14,574,559

The accompanying notes from 1 to 23 are an integral part of these financial statements

AL AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
		JD	JD
Revenue			
Brokerage commission		546,997	390,521
Margin finance commission		82,236	184,638
Margin finance interest and interest income		692,640	612,651
Dividends received		6,836	2,279
Other revenues and expenses		16,294	1,209
Total revenue		1,345,003	1,191,298
Expenses			
Salaries, wages and others		300,210	335,952
Stock exchange fees		41,824	41,559
Finance Cost		57,357	100,024
General and Administrative expenses	16	239,854	210,422
Provision for expected credit loss		277,545	1,130,500
Total Expenses		916,790	1,818,457
Profit (loss) for the year before income tax		428,213	(627,159)
Income tax expense	14	(10,421)	(134,431)
Profit (loss) for the year		417,792	(761,590)
		Fils/JD	Fils/JD
Basic and diluted earnings per share from profit (loss) for the year	22	0.03	(0.05)

The accompanying notes from 1 to 23 are an integral part of these financial statements

AL AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	JD	JD
Profit (loss) for the year	417,792	(761,590)
Other comprehensive income items not to be reclassified to profit or loss in subsequent periods		
Realized losses on sale of financial assets at fair value through other comprehensive income	(395,392)	(1,669,659)
Unrealized gains on revaluation of financial assets at fair value through other comprehensive income	521,808	1,474,600
Total comprehensive income for the year	544,208	(956,649)

The accompanying notes from 1 to 23 are an integral part of these financial statements

AL AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Paid in capital	Statutory reserve	Fair value reserve	Accumulated Losses "Restated"	Total
	JD	JD	JD	JD	JD
2019 -					
Balance as of 1 January 2019	15,000,000	1,555,163	(698,561)	(5,554,861)	10,301,741
Profit for the year	-	-	-	417,792	417,792
Total comprehensive income for the year	-	-	521,808	(395,392)	126,416
Transfer to statutory reserve	-	42,821	-	(42,821)	-
Balance as of 31 December 2019	15,000,000	1,597,984	(176,753)	(5,575,282)	10,845,949
2018 -					
Balance as of 1 January 2018	15,000,000	1,555,163	(2,173,161)	900,342	15,282,344
Prior year adjustments (Note 3)	-	-	-	(2,465,954)	(2,465,954)
Effect of IFRS 9 adoption	-	-	-	(1,558,000)	(1,558,000)
Restated balance as of 1 January 2018	15,000,000	1,555,163	(2,173,161)	(3,123,612)	11,258,390
Loss for the year	-	-	-	(761,590)	(761,590)
Total comprehensive income for the year	-	-	1,474,600	(1,669,659)	(195,059)
Balance as of 31 December 2018	15,000,000	1,555,163	(698,561)	(5,554,861)	10,301,741

The accompanying notes from 1 to 23 are an integral part of these financial statements

AL AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
		JD	JD
Operating Activities			
Profit (loss) for the year before income tax		428,213	(627,159)
Adjustments for:			
Depreciation	8	25,040	21,728
Provision for expected credit loss		277,545	1,130,500
Finance Cost		57,357	100,024
Loss on sale of property and equipment		3,789	-
Working capital changes:			
Margin receivables		(673,033)	1,122,019
Trade receivables		643,792	(1,280,226)
Other current assets		(90,429)	(4,341)
Trade payables		325,952	(105,576)
Other current liabilities		5,649	(87,903)
Net cash flows from operating activities before income tax		1,003,875	269,066
Income tax paid	14	(51,232)	(114,975)
Net cash flows from operating activities		952,643	154,091
Investing Activities			
Change in financial assets at fair value through other comprehensive income		-	2,497
Change in property and equipment	8	(32,528)	(9,751)
Proceeds from sale of investments at fair value through other comprehensive income		491,612	-
Net cash flows from (used in) investing activities		459,084	(7,254)
Financing Activities			
Paid finance cost		(57,357)	(100,024)
Net cash flows (used in) financing activities		(57,357)	(100,024)
Net increase in cash and cash equivalent		1,354,370	46,813
Cash and cash equivalent - beginning of the year		(594,601)	(641,414)
Cash and cash equivalent - end of the year	4	759,769	(594,601)

The accompanying notes from 1 to 23 are an integral part of these financial statements

1- General

Al-Amal Financial Investments Company is a Jordanian public shareholding Company ("the company") registered on October 17, 2005 under commercial registration number (370) after it has changed its legal statues from Limited Liability Company to Public Shareholding Company. The Company's share capital is JD 15,000,000 divided into 15,000,000 shares, the par value is one JD per share.

The main activity of the company is to perform commission brokerage business, dealing with securities for its own account, providing financial, consulting, leasing and mortgage of transferred and un-transferred money for the purposes of the company borrowing from banks, buying, renting, pledging and importing any transferred and un-transferred money or any rights or privileges deemed necessary by the company or suitable for their purposes, including land, building, machinery, means of transport or goods and to establish, assess, act and make necessary changes when necessary or appropriate for the purposes and objectives of the Company.

The Company's headquarter is in Amman.

2- Accounting Policies

(2-1) Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income that have been measured at fair value on the date of the financial statements.

The financial statements are presented in Jordanian Dinars (JD) which represents the functional currency of the Company.

(2-2) Significant accounting policies

Changes in accounting policies

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Standards set out the principles for the recognition,

measurement, presentation and disclosure of lease sand requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 did not differ substantially from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as those in IAS 17. Therefore, IFRS 16 did not have an impact on leases where the Company is the lessor.

The Company adopted IFRSS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, the financial statements for the previous year were not restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

(Application of the Standards had no impact on the statement of financial position)

- The Company used the exemptions for short-term lease contracts which end within 12 months from date of commencement.
- The Company referred to further information when determining the term of the lease contracts which include options for extending or terminating the lease.

The following are the Company's new accounting policies which were implemented from the date of application of the IFRS 16:

Short-term leases and low-value asset leases

The exemption for recognition of short-term lease contracts is applied by the Company on certain short-term leases (i.e. leases of 12 months or less from the date of commencement, not including the option to purchase the asset). The Company also applies the exemption for low-value asset leases on certain leases considered to be of low value. Rent payments for short-term leases and low-value asset leases are recognized as expenses on the basis of fixed premium over the lease period.

Significant estimates of the duration of the lease for contracts with the option to renew the contract

The term of the lease is determined by the Company as irrevocable, taking into account the periods covered by the option to extend the lease if this option to be exercised, or any periods relating to the option to terminate the lease. If the company is certain not to exercise this option.

According to some lease contracts, the Company has the right to rent the assets for additional periods. The Company estimates when assessing whether the renewal option is certain to be exercised.

This means that the Company considers all the relevant factors amounting to an economic incentive to exercise the renewal option. Subsequently, the Company re-evaluates the term of the lease upon the occurrence of a change in circumstance or an important event under its control, which may impact its ability to exercise (or not to exercise) the renewal option (for example, a change in the business strategy).

The Company included the renewal period as part of the lease term due to the importance of these assets in its business operations. The irrevocable contract duration for certain assets is relatively short. In the event of termination, the business operations will be adversely affected if there are no alternatives to the assets.

IFRIC Interpretation (23) Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS (12) and does not apply to taxes or levies outside the scope of IAS (12), nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.

These amendments do not have any impact on the Company's financial statements.

Amendments to IFRS (10) and IAS (28): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS (3), between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

These amendments do not have any impact on the Company's financial statements.

Amendments to IAS (28): Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS (9) to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS (9) applies to such long-term interests.

The amendments also clarified that, in applying IFRS (9), an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS (28) Investments in Associates and Joint Ventures.

These amendments do not have any impact on the Company's financial statements.

(2-3) Accounting Policies

Trade Receivables and Margin Receivables

Trade and Margin Receivables are stated at original invoice amount less an allowance for any uncollectible amounts expected credit loss. The expected credit loss is calculated using the simplified method in accordance to IFRS 9. The Company relies on historical data and incorporates future elements based on macro-economic factors.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of income.

Property and equipment are depreciated using the straight-line method according to the estimated useful life of assets as follows:

Description	Annual depreciation rate
Furniture and fixture	10%
Tools and equipment	9-15%
Decorations	20%
Computer software	25%
Cars	15%

When the recoverable amounts of any property and equipment is less than its net book value, its value is reduced to the recoverable value and the lowest value is recorded in the statement of income.

The useful life of the property and equipment is reviewed at the end of each year, if the expected useful life differs from the previously established estimates, the change in estimate is recorded and accounted for on prospective basis.

Accounts payable and Accruals

The liabilities for future reimbursable amounts are recognized for goods and services received whether or not claimed by the supplier.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) arising from a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Income tax

Current income tax is calculated based on the tax rates and laws that are applicable at the statement of financial position date.

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and tax losses and tax credit carry-forwards. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the enterprise expects, at the statement of financial position date, to recover or settle the carrying amount of its assets and liabilities.

Revenue Recognition

The Company conducts brokerage activities and financial services, where the revenue is generated at trading securities, which reflect the required revenue registration in accordance with IFRS 15.

Interest revenue is accrued on a time basis, by reference to the outstanding principal balance and the applicable effective interest rate.

Other revenues are recognized on an accrual basis.

Financial assets at fair value through other comprehensive income

These financial assets are initially recognized at fair value plus attributable transaction costs and subsequently measured at fair value. The change in fair value of those assets is presented in the consolidated statement of comprehensive income within equity, including the change in fair value resulting from the foreign exchange differences of non-monetary assets. In case those assets – or part of them – were sold, the resultant gain or loss is recorded in the consolidated statement of comprehensive income within equity and the fair value reserve for the sold assets is directly transferred to the retained earnings and not through the consolidated statement of profit or loss.

These financial assets are no longer subject to impairment testing

Dividends are recognized in the consolidated statement of profit or loss.

Impairment of financial assets

The adoption of IFRS (9) has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS (9) requires the Company to record an allowance for ECL for all debt instruments measured at amortized cost.

For all debt instruments, the Company has applied the standard's simplified approach and has calculated ECL based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Foreign Currency

Transactions in currencies other than JOD (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions.
At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
Exchange differences are recognized in profit or loss in the period in which, if any, they arise except for exchange differences on monetary items receivable from or payable to a foreign operation, if any, for which settlement is neither planned not likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Cash and Cash Equivalent

Cash and cash equivalent represent cash on hand and at banks and financial institutions that are due within a three-month period.

(2-4) Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in other comprehensive income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Management believes that the assessments adopted in the financial statements are reasonable, the main estimates were as follows:

- Expected credit loss on accounts receivable and margin receivable:
  Requires the Company's management to determine the expected credit loss for all accounts receivable through establishing significant decisions to estimate future cash flow amounts and duration, in addition to any substantial increase in the credit risk of financial assets after initial recognition. Furthermore, taking into consideration information for future measurement of expected credit losses.

- Income tax provision: The financial year is bared with income tax expense in accordance with the applicable laws, regulations and accounting standards, in addition to calculating the required deferred tax assets, liabilities and income tax provision.

- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general status of these assets and the assessment of their useful economic lives expected in the future. Impairment loss (if found) is taken to the statement of income.

3. Comparative Figures

The Company's financial statements were issued on 17 March 2019 and were presented to the company's General assembly at its meeting dated 30 April 2019. The general assembly decided not to approve on the financial statements for the year ended 2018 for specified reasons.
The companies control assigned a committee of experts to audit the points raised by the general assembly that were included in the summary of reasons on why they did not approve the financial statements for the year ended 2018.
The Committee of Experts issued a report encompassing the findings and recommendations regarding 2018 financial statements. At the end of the report, the Committee requested the implementation of their recommendations.
The revised financial statements were approved at the general assembly extraordinary meeting dated 12 January 2020.

The opening balances as of 1 January 2018 and 31 December 2018 have been retroactively restated by the Company in accordance with IAS 8 for the following reasons:

The Company re-calculated the expected credit loss provision in accordance with IFRS 9.

The effects of these adjustments on the financial statements are as follows:

The effect on the statement of financial position as of January 1, 2018

	Before Restatement	After Restatement	Impact
	JD	JD	JD
Accumulated losses	900,342	(1,565,612)	2,465,954
Trade Receivable	8,859,396	7,969,228	(890,168)
Margin Receivable	6,311,328	3,956,820	(2,354,508)
Deferred tax asset	252,000	1,030,722	778,722

The effect on the statement of financial position as of December 1, 2018

	Before Restatement	After Restatement	Impact
	JD	JD	JD
Accumulated losses	(3,088,907)	(5,554,861)	2,465,954
Trade Receivable	7,109,954	6,219,786	(890,168)
Margin Receivable	5,038,477	2,683,969	(2,354,508)
Deferred tax asset	675,928	1,454,650	778,722

Some of 2019 balances were reclassified to correspond with those of 2018 presentation. The reclassification has no effect on the profit and equity for the year 2019.

4- Cash on hand and at banks

This item consists of the following:

	2019	31 December 2018	1 January 2018
	JD	JD	JD
Cash on hand	17	37	13
Bank balances – Current accounts	185,389	176,228	165,474
Bank balances – Customers' accounts	535,363	204,677	206,155
Brokerage guarantee fund deposit *	39,000	25,000	25,000
	759,769	405,942	396,642

* This account represents the value of the cash contribution paid by the company as a financial broker in the Amman Stock Exchange to the settlement guarantee fund in accordance with the Fund's bylaws for the year 2004, which is based on the provisions of Article (90) of the securities Law No.76 of 2002 which aims to:

a. Cover the cash deficit of the fund's buyer member for securities.
b. Cover the deficit in the balance of securities that appears to the member of the seller fund as a result of the trade securities in the market.

The Fund shall at the end of every three months, recalculate the cash contribution amount for each Broker in accordance with the Fund's bylaws, whereby the difference between the Fund and the Broker shall be settled by either increasing, decreasing or maintaining the Fund's balance as unchanged.

For the purposes of the statement of cash flows, the details of cash and cash equivalents are as follows:

	2019	31 December 2018	1 January 2018
	JD	JD	JD
Cash and cash equivalent	759,769	405,942	396,642
Less: Bank Overdraft (Note 10)	-	(1,000,543)	(1,038,056)
	759,769	(594,601)	(641,414)

5- Trade Receivables

This item consists of the following:

	2019	31 December 2018 "Restated"	1 January 2018 "Restated"
	JD	JD	JD
Trade receivables and brokerage receivables	5,276,444	7,551,473	6,460,554
Amounts due from related parties (Note 15)	4,985,755	3,354,518	3,448,842
	10,262,199	10,905,991	9,909,396
Less: Expected credit loss	(4,686,205)	(4,686,205)	(1,940,168)
	5,575,994	6,219,786	7,969,228

Movement on the provision for expected credit loss is as follows:

	2019	31 December 2018 "Restated"	1 January 2018 "Restated"
	JD	JD	JD
Balance at the beginning of the year	4,686,205	1,940,168	1,400,000
Prior year adjustments (Note 3)	-	-	890,168
Effect of IFRS 9 adoption*	-	2,050,000	-
Balance as of 1 January (restated)	4,686,205	3,990,168	2,290,168
Additions during the year	-	979,668	100,000
Recovered during the year	-	(283,631)	(450,000)
Balance at the end of the year	4,686,205	4,686,205	1,940,168

* The company applied IFRS 9 at the date of initial application as of 1 January 2018, which resulted in recording provision for expected credit loss of JD 2,050,000.

Unimpaired trade receivables aging is as follows:

	1 – 30 days	31 – 90 days	91 - 360 days	More than 360 days	Total
2019	2,670,267	2,417,769	487,958	-	5,575,994
31 December 2018	4,567,827	1,365,263	286,696	-	6,219,786
1 January 2018	1,711,553	2,487,408	2,688,293	1,081,974	7,969,228

Unimpaired trade receivables are expected to be fully recovered based on management judgement. The customer investment portfolio is considered a collateral in case of collection.

6- Margin Receivables

This item consists of the following:

	2019	31 December 2018 "Restated"	1 January 2018 "Restated"
	JD	JD	JD
Margin Receivables	5,568,184	4,946,159	5,964,825
Due from related parties (Note 15)	294,158	243,150	346,503
	5,862,342	5,189,309	6,311,328
Less: Expected credit loss	(2,782,885)	(2,505,340)	(2,354,508)
	3,079,457	2,683,969	3,956,820

Movement on the provision for expected credit loss was as follows:

	2019	31 December 2018 "Restated"	1 January 2018 "Restated"
	JD	JD	JD
Balance at the beginning of the year	2,505,340	2,354,508	-
Prior year adjustments (Note 3)	-	-	2,354,508
Balance as of 1 January (restated)	2,505,340	2,354,508	2,354,508
Additions during the year	277,545	150,832	-
Balance at the end of the year	2,782,885	2,505,340	2,354,508

7- Other Current Assets

This item consists of the following:

	2019	31 December 2018	1 January 2018
	JD	JD	JD
Prepaid expenses	24,172	21,950	18,932
Bank Guarantees	211,800	118,900	59,400
Trading Settlement	-	-	62,327
Refundable deposits	300	300	300
Employee receivables	16,643	21,336	17,186
	252,915	162,486	158,145

8- Property and Equipment

	Furniture and fixtures	Tools and equipment	Decorations	Computer Software	Vehicles	Total
	JD	JD	JD	JD	JD	JD
Cost						
Balance at 1 January 2019	43,286	81,949	61,664	33,592	86,000	306,491
Additions	4,215	14,285	12,428	1,600	-	32,528
Disposals	-	-	-	(5,000)	-	(5,000)
Balance at 31 December 2019	47,501	96,234	74,092	30,192	86,000	334,019
Accumulated Depreciation						
Balance at 1 January 2019	40,993	69,047	59,279	24,956	37,640	231,915
Depreciation for the year	874	4,485	2,229	4,305	13,147	25,040
Disposals	-	-	-	(1,211)	-	(1,211)
Balance at 31 December 2019	41,867	73,532	61,508	28,050	50,787	255,744
Net book value as of 31 December 2019	5,634	22,702	12,584	2,142	35,213	78,275
Cost						
Balance at 1 January 2018	43,136	78,748	60,264	28,592	86,000	296,740
Additions	150	3,201	1,400	5,000	-	9,751
Balance at 31 December 2018	43,286	81,949	61,664	33,592	86,000	306,491
Accumulated Depreciation						
Balance at 1 January 2018	39,861	65,558	58,731	21,297	24,740	210,187
Depreciation for the year	1,132	3,489	548	3,659	12,900	21,728
Balance at 31 December 2018	40,993	69,047	59,279	24,956	37,640	231,915
Net book value as of 31 December 2018	2,293	12,902	2,385	8,636	48,360	74,576

9- Financial Assets at fair value through other comprehensive income

	2019	31 December 2018	1 January 2018
	JD	JD	JD
Investment in Med Gulf for Insurance company by 444,836 shares	413,697	400,353	484,872
Investment in Specialized Investments Compound company by 330,202 shares	-	264,163	286,125
Investment in Al-Tajamouat Food and Housing Company by 13,000 shares	-	3,511	4,030
Investment in Al Dulayl Industrial Real Estate Company by 227,860 shares	-	88,866	86,588
Investment in The Union Company for Financial Investment by 20,000 shares	-	22,000	23,400
Investment in Arab German Insurance Company by 325,000 shares	-	-	42,250
Investment in International Co. for Chemical Industries by 74,481 shares	-	-	47,669
Investment in Unified Transport and Logistics Company by 30,305 shares	-	-	1,515
	413,697	778,893	976,449

The details of the movement on the cumulative change in fair value are as follows:

	Balance as of 1 January 2019	Change in Fair Value	Balance as of 31 December 2019
	JD	JD	JD
Al Dulayl Industrial Real Estate Company	(343,080)	343,080	-
Med Gulf for Insurance Company	(190,098)	13,345	(176,753)
Specialized Investments Compound company	(146,460)	146,460	-
The Union Company for Financial Investment	(13,450)	13,450	-
Al-Tajamouat Food and Housing Company	(5,473)	5,473	-
	(698,561)	521,808	(176,753)

10- Bank Overdraft

The Company obtained a bank overdraft from Jordan Commercial Bank with a ceiling of 1,000,000 Jordanian dinars with an annual interest rate of 9% and a commission of 0.5%.

11- Trade Payables

This item consists of the following:

	2019	31 December 2018	1 January 2018
	JD	JD	JD
Trade Payable	546,777	204,737	326,401
Due to related parties (Note 15)	-	16,088	-
	546,777	220,825	326,401

12- Other Current Liabilities

This item consists of the following:

	2019	31 December 2018	1 January 2018
	JD	JD	JD
Shareholders profit deposit	157,064	160,084	175,118
Returns of subscriptions the increase in capital deposits	11,004	11,019	11,643
Provisions for BOD renumeration	2,083	7,083	37,083
Trading settlement – Securities Depository Centre	36,548	22,864	50,000
Jordanian Universities fees	4,873	4,873	4,873
	211,572	205,923	278,717

13- Statutory reserve

This account represents accumulated appropriations from income before tax at a rate of 10% for this year and previous profitable years according to the Jordanian Companies Law. This amount is not to be distributed to partners. Moreover, these annual appropriations continue until the statutory reserve becomes equivalent to the Company's authorized capital.

14- Income Tax

The Jordanian Income Tax Law No. (38) for the year 2018 has been approved as the tax rate has become 28% (24% + 4% national contribution) and the law has been applied on January 1, 2019. Income tax provision and the deferred tax effect have been calculated for the year ending December 31, 2018, at 24%, according to income tax Law No. (34) of 2014.

The company submitted a self-assessment statement to the Income and Sales Tax Department for the year 2017, and the department did not review the company's accounting records to date, and the self-assessment statement was accepted on the sampling system for the results for the year ended December 31, 2018.

- **Income Tax Expense:**

Income tax expense shown in the income statement consists of the following:

	2019	2018
	JD	JD
Income tax expense for the year	88,134	51,250
Effect of deferred tax assets	(77,713)	68,072
Income tax for previous years	-	15,109
	10,421	134,431

- **Income Tax Provision**

The movement on the income tax provision was as follows:

	2019	31 December 2018	1 January 2018
	JD	JD	JD
Balance at the beginning of the year	51,270	114,995	327,854
Income tax paid	(51,232)	(114,975)	(247,306)
Provision for the year	88,134	51,250	34,447
Balance as of 31 December	88,172	51,270	114,995

The reconciliation between accounting profit and taxable profit is as follows:

	2019	2018
	JD	JD
Accounting profit (loss)	428,213	(627,159)
Tax Unacceptable revenue	-	1,217
Tax Unacceptable expenses	4,398	-
Net Provisions	277,545	846,869
Less: Unrealized loss from sale of financial assets	(395,392)	-
Total taxable income	314,764	220,927
Income tax expense	88,134	51,250
Income tax for previous years	-	15,109
Impact of deferred tax assets	(77,713)	68,072
Income tax in the income statement	10,421	134,431
Effective tax rate	2.4%	-
Statutory tax rate	28%	24%

- **Deferred Tax Assets:**

	2019					31 December 2018	1 January 2018
	Balance at the beginning of the year	Additions during the year	Refunded amounts	Balance at the end of the year	Deferred tax	Deferred tax	Deferred Tax
	JD	JD	JD	JD	JD	JD	JD
Provision for expected credit loss	6,061,045	277,545	-	6,338,590	1,532,363	1,454,650	1,030,722
	6,061,045	277,545	-	6,338,590	1,532,363	1,454,650	1,030,722

- The movement on the deferred tax assets is as follows:

	2019	31 December 2018 "Restated"	1 January 2018 "Restated"
	JD	JD	JD
Balance at the beginning of the year	1,454,650	1,030,722	336,000
Prior year adjustments (Note 3)	-	-	778,722
Effect of IFRS 9 adoption	-	492,000	-
Balance as of 1 January (restated)	1,454,650	1,522,722	1,114,722
Additions during the year	77,713	-	24,000
Excluded during the year	-	(68,072)	(108,000)
Balance as of 31 December 2019	1,532,363	1,454,650	1,030,722

15- Transactions with Related Parties

Related parties' transactions represent:

Relevant entities include transactions with shareholders, members of the Board of Directors and senior executive management. Prices and terms related to transactions with related parties are approved by the company's management.

Total trading volume and commission for related parties dealt with during the year:

	2019	2018
	JD	JD
Total trading volume	9,133,924	24,558,505
Total commission	34,522	96,274

Balances and transactions with related parties are as follows:

	2019	31 December 2018	1 January 2018
	JD	JD	JD
Trade Receivables	4,985,755	3,354,518	3,448,842
Margin Receivables	294,158	243,150	346,503
Trade Payables	-	16,088	-

During the year, the Company recorded the following benefits and allowances for the members of the Board of Directors:

	2019	2018
	JD	JD
Transportation allowance for members of the Board of Directors	3,800	16,800

During the year, the company recorded the following salaries and bonuses for the members of the executive management:

	2019	2018
	JD	JD
Executive Management salaries and remuneration	132,392	175,921

16- General and Administrative Expenses

	2019	2018
	JD	JD
BOD transportation	3,800	16,800
Electricity, water, and telephone	11,916	9,646
Computer hardware & software maintenance	11,826	8,286
Rent	40,380	44,498
Stationary and supplies	5,503	2,397
Depreciation	25,040	21,728
Health Insurance	29,967	24,796
Licenses and subscription fees	8,582	4,758
Professional and consulting fees	76,777	62,011
Maintenance and fuel	4,181	4,900
Employee bonus and rewards	4,800	1,050
Hospitality	3,149	3,194
Interest paid on tax instalment	4,398	-
Cleaning fees	646	768
Miscellaneous and other expenses	8,889	5,590
	239,854	210,422

17- Contingent Liabilities

The Company has liabilities that may arise on the date of the financial statements, which include:

	2019	31 December 2018	1 January 2018
	JD	JD	JD
Bank Guarantees	696,000	672,000	522,000
Deposit Securities	211,800	118,900	59,400

Cases brought against the company by others:

The value of cases brought against the company by others was 35,370 Jordanian dinars.

18- Fair Value Hierarchy

a. Fair value of financial assets for the company which is valued at fair value on continues basis:

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of cash on hand, bank balances, margin receivables, trade and other receivables. Financial liabilities consist of accounts payable and some other credit balances.

Level 1: The market prices announced in the active markets of the same financial instruments.

Level 2: Valuation methods based on inputs that affect the fair value and can be observed directly or indirectly in the market.

Level 3: Valuation techniques that are based on inputs that affect the fair value and are not directly or indirectly observable in the market.

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Balance as of 31 December 2019				
Financial Assets at Fair Value through other comprehensive income	413,697	-	-	413,697
Balance at the end of the year	**413,697**	**-**	**-**	**413,697**

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Balance as of 31 December 2018				
Financial Assets at Fair Value through other comprehensive income	778,893	-	-	778,893
Balance at the end of the year	**778,893**	**-**	**-**	**778,893**
Balance as of 1 January 2018				
Financial Assets at Fair Value through other comprehensive income	976,449	-	-	976,449
Balance at the end of the year	**976,449**	**-**	**-**	**976,449**

The value shown at level 3 reflects the cost of purchasing such assets and not their fair value, because there is no active market for them. The firm's management believes that the purchase cost is the most appropriate way to measure the fair value of these assets and that there is no reduction in their value.

19- Risk Management

Interest-rate Risk

Interest-rate risks are the risks that result from fluctuations in fair value or future cash flows of financial instruments caused by changes in the interest rates.

The company is exposed to interest-rate risks on its assets and liabilities that carry interest such as margin receivables, and bank deposits are not exposed to such risks as they do not bear interest rates.

The sensitivity of the income statement is the effect of the possible changes in interest rates on a company's profit for one year, and it is calculated on financial assets and liabilities that carry a variable interest rate as at December 31, 2019.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company.

The company believes that it is not exposed to a large degree of credit risk, as it sets a credit limit for clients of margin trading accounts to not exceeding 1,000,000 dinars per account, and this is monitored constantly. The maintenance margin for these accounts is more than 20%, which is the minimum maintenance margin as per Jordan Securities Commission instructions. The company also maintains balances and deposits with leading banking institutions.

Currency Risk

Currency risk All of the company's transactions are in Jordanian dinar and therefore there is no effect on the currency risk on the balance sheet.

Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet its commitments. Liquidity risk is represented by the company's inability to provide the financing necessary to fulfil its obligations on its due dates, and the management of liquidity risk requires maintaining adequate cash and the availability of financing through credit ceilings. To prevent these risks, the management will diversify funding sources, manage assets and liabilities, align their deadlines and maintain an adequate balance of cash and cash equivalents and the provision of appropriate financing.

The table below summarizes the distribution of liabilities (undiscounted) based on the remaining contractual maturity at the date of the financial statements:

	Interest Rate	Less than one year	More than one year	Total
2019		JD	JD	JD
Liabilities				
Instruments without interest	-	846,521	-	846,521
Total Liabilities		846,521	-	846,521
31 December 2018 -				
Liabilities				
Instruments without interest	-	478,018	-	478,018
Instruments with interest	9%	1,000,543	-	1,000,543
Total Liabilities		1,478,561	-	1,478,561
1 January 2018 -				
Instruments without interest	-	720,113	-	720,113
Instruments with interest	9%	1,038,056	-	1,038,056
Total Liabilities		1,758,169	-	1,758,169

20- Segment information

	Financial Brokerage Sector	Financial Investments Sector	Total
	JD	JD	JD
31 December 2019 -			
Sector net revenues	1,338,167	(388,556)	949,611
Sector net expense	(916,790)	-	(916,790)
Sector profit (loss)	421,377	(388,556)	32,821
Sector assets	11,278,773	413,697	11,692,470
Sector liabilities	846,521	-	846,521
December 31, 2018 -			
Sector net revenues	1,189,019	(1,667,380)	(478,361)
Sector net expense	(1,818,457)	-	(1,818,457)
Sector profit (loss)	(629,438)	(1,667,380)	(2,296,818)
Sector assets	11,001,409	778,893	11,780,302
Sector liabilities	1,478,561	-	1,478,561
January 1, 2018 –			
Sector net revenues	1,270,225	1,006	1,271,231
Sector net expense	(950,798)	-	(950,798)
Sector profit (loss)	319,427	1,006	320,433
Sector assets	13,598,110	976,449	14,574,559
Sector liabilities	1,758,169	-	1,758,169

21- Capital Management

The main objective in relation to the company's capital management is to ensure that appropriate capital ratios are maintained in a manner that supports the company's activity and maximizes property rights.

The company manages the capital structure and makes the necessary adjustments to it in light of changes in working conditions. The company has not made any changes to the objectives, policies and procedures related to capital structure during the current year and the previous year.

The items included in the capital structure are paid-up capital, statutory reserve, fair value reserve and accumulated losses totalling JD 10,845,949 as of 31 December 2019 compared to JD 10,301,741 dinars as of December 31, 2018.

22- Earnings per share

The details of this item are as follows:

	2019	2018
	JD	JD
Profit (loss) for the year	417,792	(761,590)
Weighted average number of shares	15,000,000	15,000,000
Basic and Diluted share from profit (loss) for the year	0.03	(0.05)

23- Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 - Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to Company.

Amendments to IFRS 3: Definition of a Business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of "Material"

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR"). The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project. The Group has not early adopted the amendments and has concluded that the uncertainty arising from IBOR reform is not affecting its hedge relationships to the extent that the hedge relationships need to be discontinue