الاولى للتمويل
FIRST FINANCE

التاريخ : ٢٠٢٠/٠٥/١٤ الرقم : ٢٠٢٠/٠١/٣٩١

السادة : هيئة الاوراق المالية المحترمين

السادة : بورصة عمان المحترمين

الموضوع : البيانات المالية باللغة الانجليزية لعام ٢٠١٩

نرفق لكم طيا البيانات المالية باللغة الانجليزية كما في ٢٠١٩/١٢/٣١ .

وتفضلوا بقبول فائق الاحترام ،،،،،،

الشركة الاولى للتمويل

الاولى للتمويل
FIRST FINANCE

بورصة عمان
الدائرة الإدارية والمالية
الديوان
١٤ أيار ٢٠٢٠
1392
الرقم المتسلسل: 31251
رقم الملف:
الجهة المختصة:

First Finance Company

Public Shareholding Company

Consolidated Financial Statements

31 December 2019

Ernst & Young Jordan
P.O.Box 1140
Amman 11118
Jordan
Tel : 00 962 6580 0777/00 962 6552 6111
Fax: 00 962 6553 8300
www.ey.com/me

Building a better working world

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of First Finance Company
Amman - Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of First Finance Company (Public shareholding limited Company), which comprise the statement of financial position as at 31 December 2019, and the 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, (or give a true and fair view of) 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 Consolidated 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 consolidated 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.

EY

Building a better working world

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2019. 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. 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 consolidated 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 consolidated 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 consolidated financial statements.

Expected Credit loss at Accounts Scope of Audit to Address Risks Receivable from Financing Activates	
The Company's management exercises significant judgment assumptions to determine both timing and the amount of provision to be recorded as expected credit losses. The account receivable from financing activities is a major part of the Company's assets. Due to the importance of the judgments used in the classification of account receivables from financing activities at the various set forth in stages International Financial Reporting Standards (9) and the related provision requirements, they have been considered as key audit risk As 31 December 2018, the total account receivable from financing activities of the Company amounted to about JD 62,6 million and the provision for expected credit losses related to it amounted to JD 18,3 million.	We have understood the Company's key credit operations that include granting, certifying, contracting and allocating provisions and reviewing the internal control system on these operations, we have also readout the Bank's expected credit loss provisioning policy International Financial Reporting Standards (9). We have also understood out the Company's expected credit loss provisioning policy in relation to International Financial Reporting Standards (9) and the regulatory directives and understand the methodology used by the Company to determine provisions against exposures classified as in (Stage I, II and III), and we estimate the reasonableness of the basic assumptions and the adequacy of the date used by the Company. Review the completeness of account receivable from financing activities include in the expected credit loss calculation process.

The expected credit loss for account receivables from financing activities is disclosed in note (4) and the Company's policy on expected credit loss are described in the accounting polices set out in note (2) to the consolidated financial statements.	The appropriateness of the Company's determination of the significant increase in credit risk and the basis for the classification of exposures to different stages. The appropriateness of determining exposure when default occurs and the probability of default and loss in the event of default in the calculation of the expected credit loss of a sample of exposures. Account receivable from financing activities whose impairment has been determined individually and classified as in stage 3 and we have estimate management's future cash flows, Their reasonableness, and the outcome of the calculation of provisions. The reasonableness of the underlying assumptions and the adequacy of the data used by the Company, and the use of experts where appropriate to satisfy ourselves about these data.

Other information included in the Commerciale from financing activities the varoisstages set forth in International 2019 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

EY
Building a better working world

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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 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.

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 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 theconsolidated 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and 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 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 the audit resulting in this auditor's report was Waddah Issam Barkawi; license number 591.

Ernst & Young / Jordan

Waddah Isam Barkawi
Registration No. 591

Amman - Jordan
1 March 2020

Ernst + Young

FIRST FINANCE COMPANY – PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Notes	2019	2018	1 January 2018
		JD	JD	JD (Restated)
ASSETS				
Cash on hand, at banks and financial institutes	3	1,121,854	2,693,792	529,598
Accounts receivable from financing activities - net	4	39,812,993	42,608,698	52,750,405
Financial assets at fair value through statement of profit or loss	5	3,447,258	52,824	68,859
Financial assets at fair value through other comprehensive income	6	4,627,100	5,304,372	5,671,001
Right of use assets		928,901	-	-
Property and equipment - net	7	380,945	459,153	528,534
Deferred tax assets	19	5,709,179	5,644,738	3,432,211
Other debit balances	8	3,051,975	1,682,188	2,325,254
Intangible assets		-	-	11,114
TOTAL ASSETS		59,080,205	58,445,765	65,316,976
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Customers' investment accounts	9	9,452,692	10,402,472	10,384,223
Income tax provision	19	293,226	272	904,842
Lease liabilities		934,220	-	-
Other credit balances	10	3,205,364	2,769,696	3,036,787
Total liabilities		13,885,502	13,172,440	14,325,852
SHAREHOLDERS' EQUITY				
Paid in capital	11	35,000,000	35,000,000	35,000,000
Statutory reserve	11	3,482,369	3,253,739	3,120,815
Voluntary reserve	11	229,851	229,851	229,851
Fair value reserve	13	(1,129,317)	(683,787)	(335,885)
Retained earnings		7,611,800	7,473,522	12,976,343
Total shareholders' equity		45,194,703	45,273,325	50,991,124
Total Liabilities and shareholders' equity		59,080,205	58,445,765	65,316,976

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

	Notes	2019	2018
		JD	JD
Revenues-			
Finance revenues	14	4,022,688	6,114,641
(Less): share of customers' investment accounts		(501,889)	(605,744)
Company's share of revenues		3,520,799	5,508,897
Dividends from financial assets at fair value through profit or loss		152,363	239,499
(Loss) gain from valuation of financial assets at fair value through profit or loss	15	(5,884)	26,246
Other income – net	16	1,003,658	793,827
Total revenue		4,670,936	6,568,469
Expenses-			
Employees expenses	17	(884,863)	(997,065)
Other operating expenses	18	(656,200)	(779,000)
Provision for expected credit loss	8,4	(506,178)	(3,324,755)
Accretion of lease liability discount		(57,084)	-
Depreciation expense		(280,315)	(138,414)
Total Expenses		(2,384,640)	(5,239,234)
Profit for the year before tax		**2,286,296**	**1,329,235**
Income tax expense	19	(519,388)	398,253
Profit for the year		**1,766,908**	**1,727,488**
		JD/ Fils	JD/ Fils
Basic and diluted earnings per share from the profit for the year	20	0.050	0.049

	2019	2018
	JD	JD
Profit for the year	1,766,908	1,727,488
Other comprehensive income items:		
Items that will not be transferred to profit or loss in subsequent periods:		
Net changes in fair value of financial assets through other comprehensive income - net	(445,530)	(347,902)
Total comprehensive income for the year	1,321,378	1,379,586

FIRST FINANCE COMPANY – PUBLIC SHAREHOLDING COMPANY
CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Paid in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings	Total
	JD	JD	JD	JD	JD	JD
For the year ended 31 December 2019						
Beginning balance of the year	35,000,000	3,253,739	229,851	(683,787)	7,473,522	45,273,325
Total comprehensive income for the year	-	-	-	(445,530)	1,766,908	1,321,378
Dividends (Note 12)	-	-	-	-	(1,400,000)	(1,400,000)
Transfer to statutory reserve	-	228,630	-	-	(228,630)	-
Ending balance of the year	35,000,000	3,482,369	229,851	(1,129,317)	7,611,800	45,194,703
For the year ended 31 December 2018						
Beginning balance of the year	35,000,000	3,120,815	229,851	(335,885)	12,657,843	50,672,624
Restatement of comparative figures (Note (2-3))	-	-	-	-	318,500	318,500
Beginning of the year (Adjusted)	35,000,000	3,120,815	229,851	(335,885)	12,976,343	50,991,124
Impact of IFRS 9 implementation	-	-	-	-	(5,697,385)	(5,697,385)
	35,000,000	3,120,815	229,851	(335,885)	7,278,958	45,293,739
Total comprehensive income for the year	-	-	-	(347,902)	1,727,488	1,379,586
Dividends (Note 12)	-	-	-	-	(1,400,000)	(1,400,000)
Transfer to statutory reserve	-	132,924	-	-	(132,924)	-
Ending balance of the year	35,000,000	3,253,739	229,851	(683,787)	7,473,522	45,273,325

* The retained earnings balance includes an amount of JD 5,709,179 representing the value of deferred tax assets as of 31 December 2019 (31 December 2018: JD 5,644,738), which is restricted from use or distribution in accordance with the Securities Commission regulations.

** According to the Securities Commission instructions, the Company should not use or distribute an amount of JD 1,129,317 from the retained earnings, which represents the negative fair value reserve as shown in the table above.

FIRST FINANCE COMPANY – PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
		JD	JD
OPERATING ACTIVITIES			
Profit for the year before tax		2,286,296	1,329,235
Adjustments-			
Provision for expected credit Loss	8,4	506,178	3,324,755
Dividends from financial assets at fair value through profit or loss		(152,363)	-
Depreciation and amortized		288,343	149,528
Gain on disposal of property and equipment		(253)	(164)
Accretion of lease liability discount		57,084	-
Loss (gain) from valuation of financial assets at fair value through profit or loss		5,884	(26,246)
Net cash flows from operating activities before changes in working capital items		2,991,169	4,777,108
Working capital items			
Decrease (Increase) in account receivables from financing activities - net		2,289,527	(722,417)
(Increase) decrease in other debit balances		(1,388,257)	685,877
(Decrease) increase in customers' investment accounts		(949,780)	18,249
Increase in other credit balances		(35,610)	(475,858)
Net cash flows from operating activities before income tax paid		2,907,049	4,282,959
Income tax paid	12	(59,132)	(910,427)
Net cash flows from operating activities		2,847,917	3,372,532
INVESTING ACTIVITIES			
Purchase of property and equipment		(62,748)	(93,084)
Purchase of financial assets at fair value through other comprehensive income		-	(8,414)
Dividends income received		122,623	-
Sale of financial assets at fair value through other comprehensive income		-	17,896
Financial assets at fair value through of profit or loss		(3,400,318)	41,880
Proceeds from sale of property and equipment		299	24,215
Net cash flows used in investing activities		(3,340,144)	(17,507)
FINANCING ACTIVITIES			
Dividend paid to shareholders	12	(928,722)	(1,190,831)
Payments of lease obligations		(150,989)	-
Net cash flows (used in) financing activities		(1,079,711)	(1,190,831)
Net (decrease) increase in cash and cash equivalents		(1,571,938)	2,164,194
Cash and cash equivalents at the beginning of the year		2,693,792	529,598
Cash and cash equivalents at the end of the year	3	1,121,854	2,693,792

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

(1) GENERAL

First Finance (the Company) was established as a Public Shareholding Company and is registered with the Ministry of Industry and Trade under no. (390) on 5 March 2006. The Company's address is King Abdullah II street building No (172), Khalda, P.O.Box 144596 Amman 11841 Jordan. The Company's was established with an authorized capital of JD 50 Million. In accordance with the resolution of the General Assembly of shareholders, in its extraordinary meeting held on 14 April 2011, and after the approval of the Minister of Industry and Trade on 22 September 2011 in the Companies' Controller Letter No. MH/1/390 dated on 27 September 2011, the Company reduced its authorized and paid-in capital by JD 15 million to write-off the accumulated losses. Consequently, the Company's capital has become JD 35 million instead of JD 50 million.

The Company operates through the main branch and the 5 branches located in the Hashemite Kingdom of Jordan.

The Company's main objectives are as follows:

- Performing financing activities for individuals and legal entities in accordance with the Islamic Sharia. This includes, for example, direct financing of consumer and durable goods, financing of real estate, including financing of land, housing, buildings, and construction financing the establishment of private and public projects.
- Acting as intermediary between banks, local lending and financing institutions, international and regional development funds and banks, and between the beneficiaries of the programs of these institutions.
- Managing others' funds in the financial and investment sectors for specific fees or shares from the proceeds of such funds.
- Managing property, real estate and other fixed and transferred assets owned by others.

Based on the Ministry of Industry and Trade's Letter No. MH/1/390.19827 dated on 3 September 2006, the Company started operating effective from the date of the Ministry's letter.

The consolidated financial statements have been approved by the Board of Directors on 25 February 2020.

(2) ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

- The Company's consolidated financial statements are prepared in accordance with the accounts standards issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee affiliated with the International Accounting Standards Board, and in accordance with the applicable local laws.

- The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and through other comprehensive income that appears at fair value at the date of the consolidated financial statements.

- The consolidated financial statements have been presented in Jordanian Dinars, which is the functional currency of the Company.

(2-2) BASIS OF CONSOLIDATION

The consolidated financial statements for the Company and its subsidiary (Sukok Leasing Company) (together the "Group") for the year ended on 31 December 2019 consist of the following:

The Company's ownership details of (Sukok Leasing Company) (Subsidiary Company) as of 31 December 2019 is as follows:

Paid in capital	Ownership interest	Nature	Location	Establishment date
JD	%			
500,000	100	Trading	Jordan	19 April 2017

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. 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.
- 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 size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Rights arising from other contractual arrangements
- Potential voting rights held by the Group, other vote holders or other parties>

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the amounts received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss.

(2-3) COMPARATIVE FIGURES

The Company has restated the comparative figures as of 1 January 2018 for the following adjustments below:

- The Company restated the comparative figures for the year ended 31 December 2018 to recognize the revenues that had been suspended in prior periods and had to be reimbursed for finance revenue during the year ended 31 December 2017. The effect of the adjustment was an increase in accounts receivable from financing activities and retained earnings by JD 318,500 each, for the opening balance as of 31 January 2018.

The impact of these adjustments on the financial statements is as follows:

1 January 2018	Before restatement	Impact	Restated balance
	JD	JD	JD
Shareholders' equity			
Retained earnings	12,657,843	318,500	12,976,343
Assets			
Accounts receivable from financing activities – net	52,431,905	318,500	52,750,405

(2-4) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards and amendments 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 standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

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

The Group adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year financial statements were not restated. The Group 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 Group 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').

The effect of adoption IFRS 16 is as follows:

Impact on the consolidated statement of financial position as at 1 January 2019:

	2019
	JD
Assets	
Right-of-use assets	1,076,334
Other assets	(48,209)
Liabilities	
Lease liabilities	(1,028,125)
Equity	-

a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of plant, equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized, and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under other debit balances and trade and other credit balances, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

• Leases previously classified as finance leases.

The Group did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17). The requirements of IFRS 16 was applied to these leases from 1 January 2019.

• Leases previously accounted for as operating leases

The Group recognized right-of-use assets and operating lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients where in it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

b) Amounts recognized in the consolidated statement of financial position and consolidated income statement.

The table below illustrate the book value of the right of use asset and lease liability and the movement for the year ended 31 December 2019:

	Right of use	Lease liability
	JD	JD
As of 1 January, 2019	1,076,334	1,028,125
Depreciation	(147,433)	-
Accretion of lease liability discount	-	57,084
Paid during the year	-	(150,989)
As of 31 December 2019	928,901	934,220

There is no short-term or low value leases for the year ended 31 December 2019.

Impact on the consolidated statement of cash flow (Increase / (Decrease)) for the year ended 1 January 2019:

	2019
	JD
Depreciation – Right of use	147,433
Accretion of lease liability discount	57,084
Net cash flow used in operating activities	204,517
Payments of lease obligations	(150,989)
Net cash flow used in financing activities	(150,989)

c) Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the year on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available. The renewal options for leases of motor vehicles were not included as part of the lease term because the Group has a policy of leasing motor vehicles for not more than five years and, hence, not exercising any renewal options.

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 Group's consolidated financial statements.

IFRS 9 Financial Instruments – Amendments

IFRS 9 (financial instruments) has eliminated the use of the incurred loss approach under IAS 39 (financial instrument: Recognition and measurement) by including a comprehensive model for the recognition and recording of forward looking expected credit loss, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

These amendments do not have any impact on the Group's consolidated 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 Group’s consolidated financial statements.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

These amendments do not have any impact on the Group’s consolidated 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 Group’s consolidated financial statements.

(2-5) SIGNIFICANT ACCOUNT POLICIES

Segmental Information

Business sector represents a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments, which were measured according to the reports used by the CEO and the Group's decision maker.

Geographical sector relates to providing products or services in an economic environment subject to specific risks and returns different from those operating in other sectors of other economic environments.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment loss in its value, the cost of the property and equipment and accumulated depreciation are excluded when the property and equipment is sold or disposed, any profits or losses are recognized in the consolidated income statement.

Property and Equipment (except for land) are depreciated according to the straight-line method over the estimated useful lives when ready for use of these assets using the following annual rates:

	Percentage %
Computers hardware and software	20-25
Furniture and fixtures	10
Vehicles	15
Decorations	7.5

When the carrying amount of property and equipment exceeds their recoverable value, assets are written down and impairment loss is recorded in the consolidated statement of income.

The useful lives of property and equipment are reviewed periodically to ensure that the depreciation method and periods are commensurate with the expected economic benefits from property and equipment.

Impairment in Financial Assets

Overview of the ECL principles

The adoption of IFRS 9 has fundamentally changed the Group's loan loss impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach as of 1 January 2018.

The Group has been recording the allowance for expected credit losses for all Murabaha and other debt financial assets not held at fair value through profit or loss, and all referred to as 'financial instruments.

Equity instruments are not subject to impairment under IFRS 9.

The allowance for the expected credit loss is based on the credit losses expected to arise over the life of the asset, unless there has been no significant change in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The expected credit loss is likely to default to credit exposure with 12 months is part of the expected credit losses over the life of the asset resulting from failure of financial instruments that can occur within 12 months of the reporting date.

ECL is calculated for the full period of credit exposure and for the probability of default during the 12 months period on an individual basis or collective based on the financial instrument portfolio and the nature of these financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group classifies its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When financial assets are first recognized, the Group recognizes an ECL allowance based on the probability of default during 12 months period. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the ECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

- Stage 3: Loans that are considered credit-impaired. The Group records an allowance for the ECLs.

Calculation for expected credit loss

The Group calculates expected credit losses based on the weighted average of three scenarios for measuring the expected cash deficit. The cash deficit is the difference between the cash flows due to the group in accordance with the contract and the cash flows expected to be collected.

The expected credit loss calculation and the main components are as follows:

Probability of default:

The potential of default is a key input in measring the expected credit loss. The probability of default is an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions and escpectations relating to future circumstances.

Exposure of default:

Exposure at default provides an estimate of the exposure at a future default date, taking into consideration the expected changes in the exposure after the reporting date, including repayments of principal and interest.

Loss given default:

Loss Given Default is the amount of expected loss if the customer fails to repay. It represents the difference between the contractual cash flow and the amount that the lender expects to collect from real guarantees. It is usually expressed as a percentage of the credit exposure default.

In estimating credit losses, the Group considers three scenarios (normal, best and worst). Each of them is related to difference weights probability, exposure to credit default, and loss ratio assuming default.

The assessment of multiple scenarios also includes how to recover bad loans, including the probability of processing bad loans and the value of collateral or the amounts expected to be collected from the sale of collateral.

Impairment losses are calculated and disclosed separately from the profits and losses resulting from adjusting the total carrying amount of the financial assets

The mechanisms for calculating expected credit losses are summarized as follows:

Stage 1: The expected credit losses are calculated by the probability of default exposure to credit exposure within 12 months as part of the expected credit losses over the life of the asset, and accordingly the Group calculates the allowance for the probability of defaulting for financial instruments within 12 months after the reporting date. These 12-month forecast default probabilities are applied to the default credit exposure amount multiplied by the default rate assumption. This calculation is performed for each of the three scenarios, as described above.

Stage 2: When an increase affecting the credit risk occurs from the date of the initial recognition, the Group calculates a provision for the expected credit loss for the entire life of the credit exposure, and the mechanism for calculating the allowance is the same as described above, including the use of different scenarios, but the probability of default and credit exposure is used when defaulting for the entire life Financial instrument.

Stage 3: For financial assets to which the concept of impairment (default) applies, the Group calculates the expected credit loss for the entire life of the credit exposure. The mechanism of calculating the allowance is similar to the method used in the second stage, and the probability of defaulting is determined by 100% and a loss rate assuming the default is greater than that applied in the first and second stages.

Warranty Contracts:

The Group's commitment to each guarantee is measured by the largest amount, either the amount recognized upon measurement minus the cumulative amortization recognized in the consolidated statement of income, or the allowance for expected credit losses. Therefore, the Group estimates the expected credit losses based on the present value of the expected payments to compensate its holder for the credit losses incurred. The cash deficit is discounted at the adjusted rate of return associated with the outstanding amount and it is calculated using the weighted average of the three scenarios. The expected credit losses related to collateral contracts are recognized in the provisions.

Debt and instrument at Fair Value through other Comprehensive Income

These financial assets are recognized at fair value plus transaction costs at purchase date and are subsequently measured at fair value in the consolidated statement of comprehensive income and within owner's equity including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the consolidated statement of comprehensive income and within owner's equity and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the consolidated statement of income.

Future Look
In the expected credit loss calculation model, the group relies on a wide range of future information used as inputs, for example:

- Increase in GDP
- Unemployment rate
- The rates of return of the central bank
- Oil world price indicators
- World market performance indicators

The inputs and models used to calculate expected credit losses may not include all market characteristics as at the date of the consolidated financial statements. As a result, qualitative adjustments are sometimes made as temporary adjustments in case of significant differences

Guarantee valuation

For the purpose of reducing credit risk, the Group uses collateral, where possible. There are several forms of collateral, such as cash collateral, securities, letters of credit, real estate, receivables, inventory and other non-financial assets and credit improvement agreements. The accounting policy adopted by the Group for the guarantees used in the lending agreements in accordance with International Financial Reporting Standard No. (9) is the same as it is under International Accounting Standard No. (39).

The collateral, unless recovered, is not recorded in the Group's consolidated financial position. However, the fair value of collateral affects the calculation of the expected credit losses of the Group. They are generally evaluated, at a minimum, upon initial recognition and periodically reassessed.

To the fullest extent, the Group uses active market data to assess financial assets held as collateral. The value of other financial assets that do not have an active market is estimated using business models. Non-financial collateral, such as real estate collateral, is evaluated based on data provided by external parties such as mortgage residents or based on housing price indicators.

Recoverable guarantees

The accounting policies used by the Group with respect to recoverable guarantees, according to IFRS 9, do not differ compared to IAS 39. It is the Group's policy to determine whether it is best to use the recovered asset in the Group's activity or sale. Assets to be used in the Group's activity are transferred to the fixed assets category and recognized at their recoverable amount or net book value, whichever is less. As for the guarantees that are to be sold as a better option, they are transferred to the category of assets held for sale at their fair value, at fair value less the cost of selling the non-financial assets at the due date, according to the Group's policy.

Depending on the nature of the group's activity, the group recovers the property or other assets in its commercial portfolio, but appoints external agents to recover its value, generally through auctions, to settle unpaid debts. Any surplus funds from the sale of the collateral are returned to the clients / borrowers. As a result, residential properties for collateral recovered are not recorded in the consolidated statement of financial position.

Debt write-off

The accounting policies used by the group with for thr write off debt as per International Financial Reporting Standard No. (9) do not differ compared to International Accounting Standard No. (39). Financial assets are written off in part or in full only when the Group ceases to recover

If the write-off amount is greater than the accumulated losses, the difference is treated as an addition to the allowance that is applied against the total book value. Subsequent recoveries are recorded to accumulated credit losses

Impairment of non-financial assets

The Group 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 groups 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.

Assets Seized by the Group against Due Debts

Assets that have been the subject of foreclosure by the Group are shown under "other assets" at the acquisition value or fair value whichever is lower. As of the consolidated statement of financial position date these assets are revalued individually at fair value, any decline in their market value is taken to the consolidated statement of income as a loss whereas any such increase is not recognized. Subsequent increase is taken to the income statement to the extent it does not exceed the previously recorded impairment.

Provisions

Provisions are recognized when the Company has an obligation on the date of the consolidated financial statement arising from a past event and the costs to settle the obligation is probable and can be reliably measured.

Dividend income

Dividend income is recognized when the right to receive payment is established. In general, this date is the date of approval of the distribution of shares of listed securities.

Income tax

The Group has made provision for income tax in accordance with the Income Tax Law No. (38) for the year 2018 and International Accounting Standard No. (12) which requires recognition of deferred taxes resulting from time differences in the fair value reserve, and as a result the Group may result in deferred tax liabilities.

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Moreover taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenues or taxable expenses disallowed in the current year but deductible in subsequent years accumulated losses acceptable by the tax law and items not accepted for tax purposes or subject to tax.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements and reduced in case it is expected that no benefit will arise from payment or the elimination of the need for deferred tax liabilities partially or totally.

Realization of Income and Recognition of Expenses

Finance income is realized by using the effective income method except for income and commissions from non-performing credit facilities which are not recognized as income and are recorded in the income and commissions in suspense account.

Expenses are recognised according to the accrual basis.

Commission is recorded as revenue when the related services are provided.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Group intends to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

Fair value

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements in active markets. In case declared market prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.

- Analysis of the present value of expected future cash flows for similar instruments.

- Adoption of the option pricing models.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets. When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances with Islamic banks, commercial banks and financial institutions maturing within three months less balances due to banks and financial institutions maturing within three months and restricted funds.

(2-6) USE OF ESTIMATES

The preparation of the consolidated 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 equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. 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.

The important estimates for the year ended 2019:

- Provision for expected credit loss
- Useful life of the assets
- Income tax
- Fair value

(3) CASH AT HAND AND AT BANKS AND FINANCIAL INSTITUTES

	2019	2018
	JD	JD
Current accounts at commercial banks	810,700	1,035,147
Current accounts at Islamic banks	308,498	1,615,834
Cash on hand	2,656	-
Other financial institutions	-	42,811
	1,121,854	2,693,792

(4) ACCOUNTS RECEIVABLE FROM FINANCING ACTIVITIES - NET

This item represents accounts receivable derived from deferred sales and granted facilities as shown below:

	2019	2018
	JD	JD
Gross finance receivables	70,692,687	73,222,907
Less: Unrealized revenue on financing contracts	(10,514,032)	(10,634,319)
	60,178,655	62,588,588
Less: Provision for expected credit losses	(18,683,207)	(18,328,886)
Less: Profit in suspense	(1,682,455)	(1,651,004)
	39,812,993	42,608,698

The details of accounts receivable from financing activities after deducting unrealized revenues are as follows:

	Gross accounts receivable as of 31 December 2019	Unrealized revenues as of 31 December 2019	Net accounts receivable as of 31 December 2019	Net accounts receivable as of 31 December 2018
	JD	JD	JD	JD
Corporates				
Corporates' financing- goods	30,445,282	4,184,609	26,260,673	26,589,453
Corporates' financing-bills of lading	2,528,336	-	2,528,336	1,819,413
Corporates financing- real estate	5,233,832	1,136,636	4,097,196	4,345,664
	38,207,450	5,321,245	32,886,205	32,754,530

	Gross accounts receivable as of 31 December 2019	Unrealized revenues as of 31 December 2019	Net accounts receivable as of 31 December 2019	Net accounts receivable as of 31 December 2018
	JD	JD	JD	JD
Individuals				
Individual's financing- goods	1,749,241	113,060	1,636,181	1,972,265
Stocks financing	2,785,590	-	2,785,590	2,785,590
Real estate financing	9,336,607	2,401,081	6,935,526	7,386,171
Vehicles and machinery	18,613,799	2,678,646	15,935,153	17,690,032
	32,485,237	5,192,787	27,292,450	29,834,058
	70,692,687	10,514,032	60,178,655	62,588,588

Provision for expected credit losses

The movement on the provision for expected credit losses is as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	18,328,886	13,377,080
Expected credit losses model impact - IFRS (9)	-	7,496,559
Beginning balance for the year (adjusted)	18,328,886	20,873,639
Written – off receivables during the year*	-	(5,869,508)
Additions during the year	354,321	3,324,755
Balance at the end of the year	18,683,207	18,328,886

* As per the Board of Directors' decision No. (5) dated on 26 July 2018, JD 5,869,508 has been written-off, noting that it was fully covered by provision and profit in suspense.

The movement on the accounts receivable from financing activities during the year is as follows:

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
For the year ended 31 December 2019				
Gross balance at the beginning of the year	27,292,877	10,180,610	35,749,420	73,222,907
New finances during the year	14,127,456	399,094	4,408,225	18,934,775
Payments received	(7,073,169)	(1,381,924)	(3,371,844)	(11,826,937)
Transferred to stage 1	4,344,944	(437,947)	(3,906,997)	-
Transferred to stage 2	(2,679,368)	2,774,384	(95,016)	-
Transferred to stage 3	2,802,834	7,978,527	(10,781,361)	-
Changes due to modifications	(9,693,635)	(17,651,543)	17,707,120	(9,638,058)
Gross balance at the end of the year	29,121,939	1,861,201	39,709,547	70,692,687

The movement on the provision for expected credit loss during the year is as follows:

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
For the year ended 31 December 2019				
Gross balance at the beginning of the year	77,962	3,238,570	15,012,354	18,328,886
New finances impairment during the year	271,699	97	1,852,915	2,124,711
Recoveries from impaired provision for paid finances	(62,229)	(246,982)	(3,660,079)	(3,969,290)
Transferred to stage 1	250,171	(19,267)	(230,904)	-
Transferred to stage 2	(4,410)	4,410	-	-
Transferred to stage 3	(1,006)	(2,972,321)	2,973,327	-
Changes due to modifications	(235,476)	(4,317)	2,438,693	2,198,900
Gross balance at the end of the year	296,711	190	18,386,306	18,683,207

The movement on the accounts receivable from financing activities for the year 31 December 2018 is as follows:

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
For the year ended 31 December 2018				
Gross balance at the beginning of the year	36,534,482	9,926,768	31,785,466	78,246,716
New finances during the year	12,990,249	4,005,986	19,972,384	36,968,619
Payments received	(24,455,510)	(6,956,515)	(4,015,076)	(35,427,101)
Transferred to stage 1	2,233,947	(2,053,072)	(180,875)	-
Transferred to stage 2	(695,010)	5,391,646	(4,696,636)	-
Transferred to stage 3	(830,129)	(1,201,679)	2,031,808	-
Changes due to modification	1,514,848	1,067,476	(2,582,324)	-
Written off financing facilities	-	-	(6,565,327)	(6,565,327)
Gross balance at the end of the year	27,292,877	10,180,610	35,749,420	73,222,907

The movement on the provision for expected credit loss for the year 31 December 2018 is as follows:

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
For the year ended 31 December 2018				
Gross balance at the beginning of the year	-	-	13,377,080	13,377,080
Impact of IFRS 9 Implementation	2,772,965	1,074,898	3,648,696	7,496,559
Adjusted balance – beginning balance	2,772,965	1,074,898	17,025,776	20,873,639
New finances impairment during the year	62,669	1,365,491	7,808,357	9,236,517
Recoveries from impaired provision for paid finances	(2,253,562)	(445,019)	(1,930,273)	(4,628,854)
Transferred to stage 1	4,403	(4,383)	(20)	-
Transferred to stage 2	(53,919)	1,824,850	(1,770,931)	-
Transferred to stage 3	(98,156)	(68,123)	166,279	-
Changes due to modifications	(356,438)	(509,144)	(417,326)	(1,282,908)
Written off financing facilities	-	-	(5,869,508)	(5,869,508)
Gross balance at the end of the year	77,962	3,238,570	15,012,354	18,328,886

Profit in suspense

The movement on the profit in suspense is as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	1,651,004	2,066,826
Revenue in suspense during the year	582,866	522,999
Revenue in suspense transferred to revenue	(551,415)	(243,002)
Written-off revenue in suspense	-	(695,819)
Balance at the end of the year	1,682,455	1,651,004

Total financing facilities granted to the largest ten customers amounted to JD 5.1 million, representing 6.94% of total performing account receivables from financing facilities for stages 1 and 2, noting that there are guarantees for most of these receivables as of 31 December 2019 (31 December 2018: JD 15 million which is equivalent to 40%).

(5) FINANCING ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	JD	JD
Accounts receivable - financing activities	3,400,318	-
Quoted shares in Amman Stock Exchange	46,940	52,824
	3,447,258	52,824

(6) FINANCING ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
	JD	JD
Quoted Shares		
Quoted shares in Amman Stock Exchange	3,492,000	4,412,834
Quoted shares in foreign stock markets	537,752	292,211
	4,029,752	4,705,045
Unquoted shares	597,348	599,327
	4,627,100	5,304,372

Shares amounting to JD 1,602,666 have been pledged for the benefit of Safwa Islamic Bank against a letter of credit ceiling granted to the Company (2018: 2,582,554 JD for the benefit of Jordan Kuwait Bank).

(7) PROPERTY AND EQUIPMENT

	Computers hardware and software	Furniture and fixtures	Vehicles	Decorations	Projects under construction	Total
	JD	JD	JD	JD	JD	JD
2019 -						
Cost						
At 1 January 2019	362,302	246,932	141,373	1,164,946	42,423	1,957,976
Additions	58,037	4,711	-	-	-	62,748
Disposal	(41,301)	(1,675)	-	-	-	(42,976)
Right off	-	(105)	-	-	(7,923)	(8,028)
At 31 December 2019	**379,038**	**249,863**	**141,373**	**1,164,946**	**34,500**	**1,969,720**
Accumulated depreciation:						
At 1 January 2019	329,867	209,447	101,271	858,238	-	1,498,823
Depreciation for the year	22,481	6,781	16,077	87,543	-	132,882
Disposal	(41,263)	(1,667)	-	-	-	(42,930)
At 31 December 2019	**311,085**	**214,561**	**117,348**	**945,781**	**-**	**1,588,775**
Net book value	**67,953**	**35,302**	**24,025**	**219,165**	**34,500**	**380,945**

2018 -						
Cost						
At 1 January 2018	352,271	244,102	134,573	1,163,946	-	1,894,892
Additions	10,031	2,830	36,800	1,000	42,423	93,084
Disposal	-	-	(30,000)	-	-	(30,000)
At 31 December 2018	**362,302**	**246,932**	**141,373**	**1,164,946**	**42,423**	**1,957,976**
Accumulated depreciation:						
At 1 January 2018	308,935	200,838	85,954	770,631	-	1,366,358
Depreciation for the year	20,932	8,609	21,266	87,607	-	138,414
Disposal	-	-	(5,949)	-	-	(5,949)
At 31 December 2018	**329,867**	**209,447**	**101,271**	**858,238**	**-**	**1,498,823**
Net book value	**32,435**	**37,485**	**40,102**	**306,708**	**42,423**	**459,153**

Fully depreciated property and equipment amounted to JD 538,635 as of 31 December 2019 (422,007 JD as of 31 December 2018).

(8) OTHER DEBIT BALANCES

The details of this account are as follows:

	2019	2018
	JD	JD
Prepaid expense	29,188	66,632
Accrued profit – net*	-	122,117
Refundable deposits	430,007	318,663
Assets obtained by the Company by calling on collateral	2,477,736	1,036,060
Deferred notes receivable	-	17,700
Other debtors	115,044	121,016
	3,051,975	1,682,188

* The following is the movement for accrued profit:

	2019	2018
	JD	JD
Beginning balance for the year	122,117	68,744
Additions during the year	29,740	53,373
	151,857	122,117
Less: Expected credit losses	(151,857)	-
Ending balance for the year	-	122,117

(9) CUSTOMERS' INVESTMENT ACCOUNTS

This item represents Wakala investments received from customers with a due date of 6 to 78 months to be invested in the Company's activities. The average return paid to the customers range from 3.5% to 6.625% as of 31 December 2019 (2018: 3.5% to 6.25%).

(10) OTHER CREDIT BALANCES

	2019	2018
	JD	JD
Suppliers	19,036	19,000
Accrued expenses	63,450	37,206
Unpaid declared dividends	1,648,466	1,176,834
Shareholders refundable deposits	146,349	146,703
Income tax withholdings	52,558	22,000
Unearned revenue	882,456	998,319
Accrued Wakala investment profits	216,999	280,405
Board of Directors remunerations	45,000	45,000
Guarantees redemption	99,394	23,899
Others	31,656	20,330
	3,205,364	2,769,696

* This account includes dividends for related parties amounting to JD 245,208 not received as of 31 December 2019.

(11) CAPITAL AND RESERVES

Paid-up Share Capital

The Company's authorized and paid-up share capital consists of JD 35 million, divided into 35 million shares as of 31 December 2019 and 2018.

Statutory Reserve

Represents the transfers from the annual profit during the year and prior years, before income tax at a rate of 10%. This reserve is not available for distribution to the shareholders.

Voluntary Reserve

Represents prior years accumulated appropriations from income for the year before tax at a rate of 10%. This reserve is used for the purpose determined by the Board of Directors, and the General Assembly has the right to distribute it, in whole or in part, as dividends to shareholders.

(12) DIVIDENDS DISTRIBUTED

The general assembly approved in its ordinary meeting held on 23 April 2019 approved cash dividends distribution amounting to JD 1,400,000 equal to 4% of the paid in capital amounting to JD 35,000,000.

The general assembly approved in its ordinary meeting held on 26 April 2018 approved cash dividends distribution amounting to JD 1,400,000 equal to 4% of the paid in capital amounting to JD 35,000,000.

(13) FAIR VALUE RESERVE

	2019	2018
	JD	JD
Beginning balance of year	(683,787)	(335,885)
Net change in fair value after tax for the year	(445,530)	(347,902)
Ending balance of year	(1,129,317)	(683,787)

(14) FINANCE REVENUE

	2019	2018
	JD	JD
Financing revenue murabaha – cars	1,594,532	2,019,271
Financing revenue murabaha – real estate	880,750	1,431,823
Financing revenue murabaha – companies	1,488,924	2,470,164
Financing revenue murabaha – individual services	58,482	193,383
	4,022,688	6,114,641

(15) (LOSS) GAIN FROM VALUATION OF FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF PROFIT OR LOSS

	2019	2018
	JD	JD
Unrealized (loss) gain	(5,884)	26,246
	(5,884)	26,246

(16) OTHER REVENUE - NET

	2019	2018
	JD	JD
Commission income	602,102	670,138
Rent revenue	109,278	109,387
Gain from sale of fixed assets	253	164
Written off recoveries	250,000	-
Other revenues	42,025	14,138
	1,003,658	793,827

(17) EMPLOYEES COST

	2019	2018
	JD	JD
Wages, Salaries and rewards	763,505	875,335
The Company's social security contributions	74,647	80,844
Medical Expenses	46,711	40,886
	884,863	997,065

(18) OTHER OPERATING EXPENSES

	2019	2018
	JD	JD
Rent	1,500	179,253
Promoting and advertising	13,144	15,182
Stationary and printing	18,005	12,817
Depreciation and amortization	8,028	11,114
Electricity and water	54,393	44,029
Communication	28,843	46,817
Insurance	71,230	68,272
Fuel	9,510	12,154
Maintenance	36,275	27,184
Cleaning	39,403	41,328
Transportation	20,214	10,147
Travel, transportation and Board of Directors hospitality	58,437	58,704
Board of directors' remuneration	45,000	32,370
Fees, licenses, and subscription	58,621	65,783
Hospitality	9,744	15,610
Legal fees	30,300	10,592
Management and sharia fees	16,500	21,458
Professional fees	48,105	59,105
Banking services fees	33,140	24,919
Real estate valuation expenses	12,580	3,050
Marketing and sale brokers commission	15,774	11,805
Others	27,454	7,307
	656,200	779,000

(19) INCOME TAX PROVISION

	2019	2018
	JD	JD
Balance at the beginning of the year	272	904,842
Income tax provision for the year	352,086	5,857
Income tax paid	(59,132)	(910,427)
Balance at the end of the year	293,226	272

The Company has reached a final settlement with the Income and Sales Tax Department until the year 2015. Furthermore, the Company has submitted its income tax return for the years 2016, 2017 and 2018 and it has paid the due amounts within the legal period. However, the Income and Sales Tax Department has not yet reviewed the Company's operations for those years yet.

The Company has also calculated a provision for the income tax for the period ended on 31 December 2019 in accordance with the income tax law number (38), year 2018. In the opinion of the Company's management and its tax advisor, the provisions recorded in the consolidated financial statement are sufficient to meet the expected tax liabilities.

The income tax expense shown in the consolidated income statement is as follows:

	2019	2018
	JD	JD
Accrued income tax on the year profit	(352,086)	(5,857)
Effect of tax assets	(167,302)	404,110
Income tax (provision) surplus	(519,388)	398,253

The details of deferred tax assets are as follows:

	31 December 2019					31 December 2018
	Beginning balance	Additions	Released/ written-off	Ending balance	Deferred tax	Deferred tax
Included accounts	JD	JD	JD	JD	JD	JD
Deferred tax assets						
Expected Credit Loss	18,328,886	506,178	-	18,835,064	5,246,482	5,132,089
Written-off receivables*	1,006,048	-	(1,006,048)	-	-	281,693
Fair value reserve**	914,743	677,270	-	1,592,013	462,697	230,956
	20,249,677	1,183,448	(1,006,048)	20,427,077	5,709,179	5,644,738

* During the year 2018, the board has approved to write off JD 5,869,508 from the receivables balance, as a Judicial decree was issued against the debtors. Moreover, the management and the tax advisor expect the write off to be tax deductible in full. Therefore, a deferred tax asset has been recognized. Accordingly, part of the deferred tax asset has been recognized, and was utilized in 2018 and for the year ended 31 December 2019.

** Deferred tax asset for the fair value reserve is calculated based on 28% on local investments and 10% on foreign investments.

The movement on the deferred tax assets is as follows:

	2019	2018
	JD	JD
Beginning balance for the year	5,644,738	3,432,211
IFRS (9) impact on deferred tax	-	1,799,174
Beginning balance for the year (Adjusted)	5,644,738	5,231,385
Additions during the year	423,881	1,775,122
Released during the year	(359,440)	(1,361,769)
Ending balance at the end of the year	5,709,179	5,644,738

(20) EARNING PER SHARE

	2019	2018
Income for the year - JD	1,766,908	1,727,488
Number of shares - Share	35,000,000	35,000,000
Earnings per share for the year (Basic and Diluted) - JD	0.050	0.049

(21) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The details for balances and transactions with related parties during the year are as follows:

	Executive Management	Company's Employees	Other Related Parties**	Total
	JD	JD	JD	JD
31 December 2019				
Statement of consolidated financial position items				
Accounts receivable from financing activities - net*	12,493	116,952	277,696	407,141
Customers' investments accounts	5,355,000	9,385	1,455,500	6,819,885
Other credit balances	245,208	-	-	245,208
Consolidated income statement				
Revenues from financing activities	1,993	14,368	22,654	39,015
Share of customers' Investment accounts	332,894	175	44,230	377,299
31 December 2018				
Statement of consolidated financial position items				
Accounts receivable from financing activities* - net	21,476	182,302	190,243	394,021
Customers' investments accounts	355,000	5,500	6,954,350	7,314,850
Consolidated income statement				
Revenues from financing activities	2,551	11,913	22,840	37,304
Share of customers' Investment accounts	12,425	234	365,347	378,006

* After deducting unrealized revenues

** Other parties include companies partially owned by members and relatives of the members of the Board of Directors.

- Murabaha rate on accounts receivable from financing activities to related parties range from 5% to 7%

- The rate of return on the customers' investment accounts ranges from 3.5% to 6%.

- The salaries and other remunerations of executive management amounted to JD 377,040 as of 31 December 2019 (31 December 2018: JD 442,724).

(22) CAPITAL MANAGEMENT

The primary objective for the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. The Group did not make any amendments to its goals and policies throughout the year and the prior year.

Capital comprise of paid in capital, statutory reserve, voluntary reserve, fair value reserve and retained earnings amounting to JD 45,194,703 as at 31 December 2019 (31 December 2018: JD 45,273,325).

The following table represents the ratio of liabilities to shareholders' equity as of 31 December 2019 and 31 December 2018:

	2019	2018
	JD	JD
Total liabilities	13,885,502	13,172,440
Shareholders' equity	45,194,703	45,273,325
Ratio of liabilities to shareholders' equity	31%	29%

Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meets its commitments, and liquidity risk may arise as a result of the interruption of some funding sources resulting from unexpected events or disturbances in the market, and the Company manages liquidity risks through maintaining adequate reserves, continuously monitoring forecast and actual cash flows, and matching the maturities of financial assets and financial liabilities by diversify finding sources and maintain high liquidity assets that are really transferred to cash.

The following table details the contractual maturities of the Company's financial liabilities as at 31 December 2019 and 2018:

	One Year	More than one year to two years	More than two years	Total
	JD	JD	JD	JD
Customers' investments accounts				
31 December 2019	7,571,607	1,002,600	878,485	9,452,692
31 December 2018	9,485,108	883,364	34,000	10,402,472
Other credit balances				
31 December 2019	2,124,057	216,999	864,308	3,205,364
31 December 2018	1,480,216	280,405	1,009,075	2,769,696

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 has adopted a policy of dealing with only creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Company deposits cash and revenue with reputable and trustworthy financial institutions.

Credit concentration risk arises when customers engage in the same activity or the same geographical area or have the same economic characteristics. All of this may affect their ability to meet their contractual obligations, as they are affected by the same political and economic changes. Moreover, concentration credit risk represents the Company's sensitivity to the impact in developments affecting a particular industry or geographical area.

The following table shows the distribution of the Company's revenues and assets by geographical segment as of 31 December 2019 and 2018:

	Inside the kingdom	Outside the kingdom	Total
	JD	JD	JD
31 December 2019			
Total revenues	4,641,196	29,740	4,670,936
Total assets	58,295,252	784,953	59,080,205
31 December 2018			
Total revenues (losses)	6,571,705	(3,236)	6,568,469
Total assets	57,894,735	551,030	58,445,765

The following table shows the concentration of the credit exposures of financial assets by geographical segment as of 31 December 2019 and 2018:

	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD
31 December 2019			
Cash on hand and at banks	1,121,854	-	1,121,854
Accounts receivable from financing activities*	39,812,993	-	39,812,993
Financial assets at fair value through income statement	3,447,258	-	3,447,258
Financial assets at fair value through other comprehensive income	3,842,147	784,953	4,627,100
Other debit balances	3,051,975	-	3,051,975
	51,276,227	784,953	52,061,180

	Inside the kingdom	Outside the kingdom	Total
	JD	JD	JD
31 December 2018			
Cash on hand and at banks	2,693,792	-	2,693,792
Accounts receivable from financing activities*	42,608,698	-	42,608,698
Financial assets at fair value through income statement	52,824	-	52,824
Financial assets at fair value through other comprehensive income	4,753,342	551,030	5,304,372
Other debit balances	1,560,071	122,117	1,682,188
	51,668,727	673,147	52,341,874

***** After deducting provision for ECL from receivables and deferred revenue.

The following table shows the concentration of the credit exposures of financial assets by economic segment as at 31 December 2019 and 2018:

	Financial	Manufacturing	Services	Total
	JD	JD	JD	JD
31 December 2019				
Cash on hand and at banks	1,121,854	-	-	1,121,854
Accounts receivable from financing activities*	-	-	39,812,993	39,812,993
Financial assets at fair value through income statement	46,595	-	3,400,663	3,447,258
Financial assets at fair value through other comprehensive income	529,029	-	4,098,071	4,627,100
Other debit balances	414,800	-	2,637,175	3,051,975
	2,112,278	-	49,948,902	52,061,180

	Financial	Manufacturing	Services	Total
	JD	JD	JD	JD
31 December 2018				
Cash on hand and at banks	2,693,792	-	-	2,693,792
Accounts receivable from financing activities*	-	-	42,608,698	42,608,698
Financial assets at fair value through income statement	39,427	13,165	232	52,824
Financial assets at fair value through other comprehensive income	283,332	-	5,021,040	5,304,372
Other debit balances	303,500	-	1,378,688	1,682,188
	3,320,051	13,165	49,008,658	52,341,874

***** After deducting provision for ECL from receivables and deferred revenue.

Market Risk

The Company follows risk management policies within a specific strategy. Moreover, the Company's management controls risk and optimizes the distribution of financial assets and financial liabilities. These risks include interest rate risk, currency exchange risk, and the risk of share price fluctuations.

Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates, the Company does not deal in foreign currencies in its activities and therefore there is no foreign currency risk on the Company.

Risk of Change in Share Prices

Share price risk is the decline in the fair value of shares due to changes in shares indices and changes in the value of individual shares.

- The change in the financial market index as of the financial statements date is the impact of a 5% increase or (5%) decrease.

The following is the impact on gains, losses and shareholders' equity:

2019	Change in index	Effects on gains and losses	Effects on shareholders' equity
	%	JD	JD
Financial Market	Increase 5	2,347	201,488
Financial Market	Decrease (5)	(2,347)	(201,488)

2018	Change in index	Effects on gains and losses	Effects on shareholders' equity
	%	JD	JD
Financial Market	Increase 5	2,641	235,252
Financial Market	Decrease (5)	(2,641)	(235,252)

Return Risk

Return risk is the risk arising from changes in rates that affect the Company's future profits. To reduce the impact of return risk, the Company diversifies its assets and matches the maturities of assets and liabilities.

The following table represents the sensitivity of the consolidated statement of comprehensive income to reasonable and possible changes to rates as at 31 December, with all other variables affecting's remains constant.

2019	Increase rate of return	Effect on profit
Currency	(point)	JD
Jordanian Dinar	100	303,603

	Decrease rate of return	Effect on profit
Currency	(point)	JD
Jordanian Dinar	(100)	(303,603)

2018	Increase rate of return	Effect on profit
Currency	(point)	JD
Jordanian Dinar	100	322,062

	Decrease rate of return	Effect on profit
Currency	(point)	JD
Jordanian Dinar	(100)	(322,062)

(23) INFORMATION ON THE COMPANY'S BUSINESS SEGMENT

The Company performs its business through two major activities:

1. **Financing activities**
   Includes following up on customers and granting financing.

2. **Investment activities**
   Includes the investments in different financial instruments.

The following table represents the revenue allocation between these two segments:

	Financing	Investing	Total
	JD	JD	JD
31 December 2019			
Gross profit	4,022,688	146,479	4,169,167
Share of customers' investment accounts	(501,889)	-	(501,889)
Undistributed revenue			1,003,658
Undistributed expenses			(1,878,462)
Expected credit loss provision	(506,178)	-	(506,178)
Profit before tax			2,286,296
Income tax provision			(519,388)
Profit for the year			**1,766,908**
Other information			
Segment assets	40,934,847	8,074,358	49,009,205
Undistributed assets			10,071,000
Total			**59,080,205**
Segment liabilities	9,452,692	-	9,452,692
Undistributed liabilities			4,432,810
Total			**13,885,502**

	Financing	Investing	Total
	JD	JD	JD
31 December 2018			
Gross profit	6,114,641	265,745	6,380,386
Share of customers' investment accounts	(605,744)	-	(605,744)
Un-distributed revenue			793,827
Un-distributed expenses			(1,914,479)
Expected credit loss provision	(3,324,755)	-	(3,324,755)
Profit before tax			1,329,235
Income tax expense			398,253
Profit for the year			**1,727,488**
Other information			
Segment assets	45,302,490	5,357,196	50,659,686
Undistributed assets			7,786,079
Total			**58,445,765**
Segment liabilities	10,402,472	-	10,402,472
Undistributed liabilities			2,769,968
Total			**13,172,440**

The following table shows the analysis of assets and liabilities according to the expected period of recovery:

31 December 2019	For one year	More than one year	Total
	JD	JD	JD
Assets			
Cash on hand and at banks	1,121,854	-	1,121,854
Accounts receivable from financing activities*	19,263,174	20,549,819	39,812,993
Other debit balances	144,233	2,907,742	3,051,975
Deferred tax assets	-	5,709,179	5,709,179
Financial assets at fair value through statement of income	3,447,258	-	3,447,258
Financial assets at fair value through other comprehensive income	-	4,627,100	4,627,100
Right of use assets	-	928,901	928,901
Property and equipment	-	380,945	380,945
Total Assets	23,976,519	38,103,686	59,080,205

* After deducting expected credit loss and deferred revenue.

	For one year	More than one year	Total
	JD	JD	JD
Liabilities			
Customer investment accounts	7,571,607	1,881,085	9,452,692
Income tax provision	293,226	-	293,226
Lease liabilities	160,675	773,545	934,220
Other credit balances	2,341,120	864,244	3,205,364
Total liabilities	10,366,628	3,518,874	13,885,502
Net	13,609,891	31,584,812	45,194,703

31 December 2018	For one year	More than one year	Total
	JD	JD	JD
Assets			
Cash on hand and at banks	2,693,792	-	2,693,792
Accounts receivable from financing activities*	17,923,768	24,684,930	42,608,698
Other debit balances	345,344	1,336,844	1,682,188
Deferred tax assets	-	5,644,738	5,644,738
Financial assets at fair value through statement of income	52,824	-	52,824
Financial assets at fair value through other comprehensive income	-	5,304,372	5,304,372
Property and equipment	-	459,153	459,153
Total Assets	21,015,728	37,430,037	58,445,765

* After deducting expected credit loss and deferred revenue.

	For one year	More than one year	Total
	JD	JD	JD
Liabilities			
Customer investment accounts	9,485,108	917,364	10,402,472
Income tax provision	272	-	272
Other credit balances	1,771,323	998,373	2,769,696
Total liabilities	11,256,703	1,915,737	13,172,440
Net	9,759,025	35,514,300	45,273,325

(24) CONTINGENT LIABILITIES

As of the date of the consolidated statement of financial position, the Company was contingently liable for the following:

	2019	2018
	JD	JD
Letters of credit*	-	597,274
Banks guarantees	517,300	332,300
Less: refundable deposits	(418,500)	(303,500)
	98,800	626,074

* This item represents letters of credit ceiling to the benefit of the Company's customers of JD 2,500,000 from Safwa Islamic Bank for the year 2019.

(25) LAWSUITS

There are lawsuits against the Company in the normal course of business as of 31 December 2019 amounting JD 20,000 (2018: Nil).

In the opinion of the management and the legal advisor, the lawsuits against the Company for year 2019 are still under consideration, and no provision is recorded.

The Company has raised several lawsuits against defaulting customers, the total amount of these lawsuits is JD 14,111,554 as of 31 December 2019 (31 December 2018: JD 13,560,627).

(26) FAIR VALUE HIERARCHY

A. The fair value of financial assets of the Company specified at fair value on an ongoing basis:

Some financial assets and liabilities of the Company are evaluated at fair value at the end of each fiscal period. The following table shows the information about how to determine the fair value of these financial assets (valuation methods and inputs used):

Financial Assets	Fair value 2019	Fair value 2018	The level of fair value	Valuation method and inputs used	Important intangible inputs	Relation between fair value and Important intangible inputs
	JD	JD				
Financial assets at fair value through profit or loss:						
Quoted share	46,940	52,824	Level One	Market value	Not applicable	Not applicable
Financing activities	3,400,318	-	Level Three	On the latest evaluation	Not applicable	Not applicable
Financial assets at fair value through comprehensive income:						
Quoted share	4,029,752	4,705,045	Level One	Market value	Not applicable	Not applicable
Unquoted share	597,348	599,327	Level Three	On the latest audited financial statements	Not applicable	Not applicable
Total financial assets at fair value	**8,074,358**	**5,357,196**				

B. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis:

Except what is detailed in the following table, the carrying amounts of financial assets recognized in the Company's financial statements approximate their fair values, due to that the Company's management believes that the item's book value equals to the fair value which is due to its short term maturity or to the rates being revaluated during the year.

	31 December 2019		31 December 2018		
	Book value	Fair value	Book value	Fair value	Fair value hierarchy
	JD	JD	JD	JD	
Cash on hand, at banks and financial institutes	1,121,854	1,121,854	2,693,792	2,693,792	Level 3
Accounts receivable from financing activities – net	39,812,993	39,812,993	42,608,698	42,608,698	Level 3
Total Financial assets not calculated at fair value	40,934,847	40,934,847	45,302,490	45,302,490	
Customers' investment accounts	9,452,692	9,452,692	10,402,472	10,402,472	Level 3
Other current liabilities	3,205,364	3,205,364	2,769,696	2,769,696	Level 3
Total Liabilities not Calculated at Fair Value	12,658,056	12,658,056	13,172,168	13,172,168	

(27) 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 consolidated financial statements.

(28) COMPARATIVE FIGURES

Certain balances for the year 2018 have been reclassified to conform with the balances as at 31 December 2019. The reclassification did not affect previously reported profit or equity, except for the restatement of prior years as in Note (2-3).