Omar M. Al-karasneh

From: Fares Hakim <FHakim@offtec.com>
Sent: حزيران، ٢٠٢٠ ٠٢:٤٩ م 25
To: Omar M. Al-karasneh
Cc: Ahmad Altaher; disclosure
Subject: RE: البيانات المالية لعام ٢٠١٩ باللغة الانجليزية
Attachments: OFFTEC PLC ENGLISH FINANCIALS FOR THE YEAR ENDED DECEMBER 31, 2019.pdf

للإطلاع
مديرية الإفصاح
السيد صالح
السيد [illegible]

٦/٢٨

السيد عمر المحترم،

تحية وبعد،

مرفق طيه البيانات المالية باللغة الانجليزية حسب طلبكم.

فارس الحكيم
أمين سر مجلس الادارة

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OFFTEC
Your Business, Our Solutions.
12 شارع الملكة مصباح – عمان – الأردن
احدى شركات مجموعة أوفتك القابضة م.ع.م

From: Omar M. Al-karasneh <Karasneh@JSC.GOV.JO>
Sent: Thursday, June 25, 2020 9:35 AM
To: Nabil Nasser <Nnasser@alwasleh.com>; Fares Hakim <FHakim@offtec.com>
Subject: FW: البيانات المالية لعام 2019 باللغة الانجليزية

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
٢٨ حزيران ٢٠٢٠
الرقم المتسلسل ٢٧٦٩
الجهة المختصة ١/٤

السادة شركات المساهمة العامة المحترمين

تحية وبعد

ارجو التذكير بارسال البيانات المالية لعام 2019 باللغة الانجليزية قبل تاريخ 2020/6/29

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN JORDANIAN DINAR)

INDEX

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the shareholders
Offtec Holding Group Company (P.L.C)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Offtec Holding Group Company (P.L.C), which comprise the consolidated statement of financial position as of December 31,2019, and the related consolidated statements of Comprehensive income and Owners' equity and cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements Present fairly, in all material respects, the financial position of Offtec Holding Group Company (P.L.C) as of December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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

Other Matter

We have not audited the financial statements of December 31, 2018 of Trust International for marketing and E-commerce(Jordan), Offtec holding company branch (Dubai), Palestine Offtec Technology (Palestine), Offtec for engineering services (Sudan), Egyptian for loyalty and rewards (Egypt), E – points (Dubai) which have audited by other auditors and we have been provided of their reports dated January 26, 2020 February 16, 2020 March 12, 2020 April 28, 2020 February 15, 2020 respectively.

Key audit matters

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

Key auditing matters	The following is a description of our auditing procedures
Intangible assets According to International Financial Reporting Standards, the company must assess the goodwill and test the impairment, the goodwill, as of December 31, 2019 was JD 38,187,734. The annual goodwill impairment is a significant auditing matter, Due to the complexity of the accounting requirements and the general provisions required in determining the assumption to be used in estimating the recoverable amount. The recoverable amount for cash generation units, which is the value in use or fair value less cost of sales which is higher, Which is calculated using the expected discounted cash flow models methods. These models and methods use several assumptions as in sales volumes and future prices estimation, operating cost, growth rates of final value and weighted average cost of capital.	**Intangible assets** The auditing procedures that we have performed include evaluating assumptions and methods used by the company, especially matters related to expected revenues and profit margin, we have also emphasized on the adequacy of the disclosures of the most sensitive assumption that are used by the company for impairment test that are of significant influence to determine the recoverable amount of goodwill.
Accounts receivable and investing in financing contracts In accordance with International Financial Reporting Standards, the Company is required to review the allowance for impairment of receivables. Management estimates impairment in receivables through the use of assumptions and estimates and, due to their significance, is considered an important audit risk. The provision for impaired receivables has been recognized.	**Accounts receivable and investing in financing contracts** The audit procedures included the control procedures used by the Company for the collection of receivables and checks on the collection fee, the verification of the balances of a sample of customer receivables through receipt of direct confirmation, and the adequacy of the provision for impairment related to of receivables was examined by assessing the management assumptions taking into consideration the available external information on receivables risk .We have also assessed the adequacy of the Company's disclosures about significant estimates of impairment.
We emphasized on this matter because: IFRS 9 Financial Instruments applied by the Company on January 1, 2018. - Requires complex accounting treatments, including the use of significant estimates and judgments based on the determination of modifications to the transition or, - Resulted in significant changes in treatments, data and controls that should have been tested for the first time	**Our audit procedures included, inter alia:** •Evaluate the appropriateness of choosing accounting policies. •Examining the appropriateness of the transition approach and practical methods applied. •Evaluate the management's approach to testing the "expected credit loss" methodology. •Studying the management's approach and the controls applied to ensure the completeness and accuracy of the transition modifications and accuracy. •Identify and test relevant controls. •Evaluate the appropriateness of judgments and major estimates made by management in preparing transition amendments, particularly those related to the amendment to the future factor. •Involving financial risk management specialists to consider key assumptions / judgments regarding future amendments and definition of default using the net flow method. •Evaluate the completeness, accuracy and appropriateness of the data used in the preparation of transitional amendments. •Evaluating the adequacy of the company's disclosures.

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Key audit matters		How our audit addressed the key audit matters
Application of IFRS 16 leases		
The Company adopted IFRS leases with effect from 1 January 2019, which resulted in changes to the accounting policies. The company has elected not to restate comparative information in accordance with the transitional provisions contained within IFRS 16. The impact of IFRS 16 is a change in accounting policy for operating leases. This change in accounting policy results in right-of-use assets and lease liabilities being recognized in the statement of financial position. The incremental borrowing rate ("IBR") method has been applied where the implicit rate in a lease is not readily determinable. The adoption of IFRS 16 has resulted in changes to processes, systems and controls. Because of the number of judgments which have been applied and the estimates made in determining the impact of IFRS 16, this area is considered as a key audit matter. The transitional impact of IFRS 16 has been disclosed in note 2 to the financial statements.		We obtained an understanding of the company adoption of IFRS 16 and identified the internal controls including entity level controls adopted by the company for the accounting, processes and systems under the new accounting standard. We assessed the design and implementation of controls pertaining to the application of IFRS 16. We assessed the appropriateness of the discount rates applied in determining lease liabilities with input from our internal specialists. We verified the accuracy of the ender lying lease data by agreeing a representative sample of leases to original contract or other supporting information and checked the integrity and mechanical accuracy of the IFRS 16 calculations for each lease sampled through recalculation of the expected IFRS 16 adjustment. We considered the completeness of the lease data by testing the reconciliation of the company lease liability to operating lease commitments disclosed in the 2018 financial statements and by considering if we had knowledge of any other contacts which may contain a lease. We determined if the disclosures made in the consolidated financial statements pertaining to leases, including disclosures relating to the transition to IFRS16, were in compliance with IFRSs.

Other information

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

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

Regarding our audit on consolidated financial statements we are obliged to review these other information, and while that, we consider the compatibility of these information with their consolidated financial statements or with the knowledge that we gained through audit procedure or seems to contain significant errors. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

Management and individuals responsible of governance about the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. And for such internal control, management is determined to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Management is responsible for assessing the Company's ability to continue as a Going Concern, disclosing, as applicable, matters related to Going Concern and using the Going Concern basis of accounting unless the management either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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

Certified public accountant responsibility

Our objective is to obtain reasonable assurance about whether the Financial Statements are free from material misstatement, whether due to fraud or error and to issue and auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement whether due to fraud or error when exist. Misstatements can arise from fraud or error and or considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these consolidated Financial Statements.

As part of an audit in accordance with The International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Financial Statements or, if such disclosures are inadequate, we will modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the initial 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.

We communicated with audit committee regarding, other matters, and the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Legal requirements report

The Company maintains proper books of accounts and the accompanying consolidated financial statements and the consolidated financial statements contained in the report of the board of directors in accordance with the proper books of accounts, we recommend and approve the General Assembly.

Modern Accountants

Walid M. Taha
License No (703)

Modern Accountants
A member of Nexia International
المحاسبون العصريون

Amman – Jordan

March 31, 2020

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATMEANT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019
(EXPRESSED IN JORDANIAN DINAR)

	Note	2019	2018
ASSETS			
Non-current assets			
Intangible assets	4	**38,187,734**	38,187,734
Property and Equipment	5	**946,587**	987,194
Right use of assets	2	**530,452**	-
Investments in lands and properties	6	**945,423**	945,423
Total non-current assets		**40,610,196**	40,120,351
Current assets			
Prepaid expenses and other receivables	7	**767,300**	531,671
Inventory		**5,643,451**	6,847,040
Accounts receivable and checks under collection	8	**6,541,365**	6,730,990
Net investment in financing contracts	10	**3,971,088**	4,237,893
Cash and cash equivalents	9	**2,648,401**	1,857,252
Total current assets		**19,571,605**	20,204,846
TOTAL ASSETS		**60,181,801**	60,325,197
LIABILITIES AND Owner's EQUITY			
Owners' equity			
Share capital	1	**39,690,000**	39,690,000
Statutory reserve	11	**1,327,644**	1,262,850
Treasury stock	12	**(51,491)**	(28,094)
Changes in foreign currencies translation resulting from consolidating the financial statements of a foreign subsidiaries	22	**(118,717)**	(12,387)
Retained earnings	22	**3,898,379**	3,320,487
Equity holders		**44,745,815**	44,232,856
Non - controlling interest		**354,527**	393,499
Total owners' equity		**45,100,342**	44,626,355
Non-current liabilities			
End of service indemnities provision	13	**940,551**	807,645
Long-term leases liabilities	2	**323,263**	-
Total non-current liabilities		**1,263,814**	807,645
Current liabilities			
Accrued expenses and other payables	15	**1,239,058**	1,044,756
Current leases liabilities	2	**213,763**	-
Accounts payable and deferred checks	16	**5,665,255**	6,512,197
Short term loans	14	**4,124,916**	3,251,398
Bank overdrafts	17	**2,574,653**	4,082,846
Total current liabilities		**13,817,645**	14,891,197
TOTAL LIABILITIES AND OWNERS' EQUITY		**60,181,801**	60,325,197

Chairman of Board of Directors **General Director** **Chief Financial Officer**

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

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENTS OF THE COMPREHENSIVE INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN JORDANIAN DINAR)

	Note	2019	2018
Revenues		**23,599,927**	22,906,524
Cost of revenues		**(14,047,883)**	(14,071,280)
Gross profit		**9,551,414**	8,835,244
Net revenues from financing contracts	19	**1,695,393**	1,646,279
gross operating income from operation		**11,246,807**	10,481,523
General, administrative, selling and marketing expenses	20	**(9,915,780)**	(8,870,762)
Financial charges		**(481,936)**	(550,702)
Impairment right use of assets		**(68,265)**	-
(Returns) / provision of account receivables impairment		**(1,075)**	(27,670)
Provision / (returns) damaged goods provision		**(27,336)**	29,857
Other revenues		**207,869**	205,655
Net income before income tax		**960,284**	1,267,901
Income tax	18	**(175,742)**	(209,178)
Net income		**784,542**	1,058,723
Income for the year due to:			
Parent holders		**642,686**	905,628
Non-controlling interest		**141,856**	153,095
		784,542	1,058,723
Earnings per share:			
Earnings per share- JD / share		**0,016**	0,027
Weighted average of outstanding shares		**39,690,000**	39,690,000

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN JORDANIAN DINAR)

	2019	2018
Income for the year	**784,542**	1,058,723
Other comprehensive income		
Change foreign currencies translation resulting from consolidating the financial statements of a foreign subsidiary	**(106,330)**	(12,387)
Total comprehensive income	**678,212**	1,046,336
Total comprehensive income due to :		
Parent holders	**536,356**	893,241
Non-controlling interest	**141,856**	153,095
	678,212	1,046,336

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

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENTS OF OWNERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN JORDANIAN DINAR)

	Note	Share capital	Statutory reserve	Treasury stock	Changes in foreign Currencies translation	Retained earnings	Total
Balance as of December 31, 2017		39,690,000	1,169,386	-	(692,973)	6,357,176	46,523,589
Impact of adoption IFRS9 (ECL')	22	-	-	-	692,973	(1,864,353)	(1,171,380)
Balance as of January 1, 2018		39,690,000	1,169,386	-	-	4,492,823	45,352,209
Dividends		-	-	-	-	(1,984,500)	(1,984,500)
Purchase treasury shares	12	-	-	(28,094)	-	-	(28,094)
Comprehensive income for the year		-	-	-	(12,387)	905,628	893,241
Transfer to statutory reserve		-	93,464	-	-	(93,464)	-
Balance as of December 31, 2018		**39,690,000**	**1,262,850**	**(28,094)**	**(12,387)**	**3,320,487**	**44,232,856**
Dividends		-	-	-	-	-	-
Purchase treasury shares	12	-	-	**(23,397)**	-	-	**(23,397)**
Comprehensive income for the year		-	-	-	**(106,330)**	**642,686**	**536,356**
Transfer to statutory reserve		-	**64,794**	-	-	**(64,794)**	-
Balance as of December 31, 2019		**39,690,000**	**1,327,644**	**(51,491)**	**(118,717)**	**3,898,379**	**44,745,815**

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

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN JORDANIAN DINAR)

	2019	2018
OPERATING ACTIVITIES		
Net income before income tax	**960,284**	1,267,901
Adjustments on net income before income tax:		
Depreciation	**331,313**	491,183
Financial charges	**921,226**	915,064
Benefits of leases	**15,471**	-
Amortization of the right to use the assets	**68,265**	-
Changes in foreign currencies translation	**(106,330)**	(12,387)
Changes in operating assets and liabilities:		
Accounts receivable and checks under collection	**189,625**	(1,349,015)
Net investment in financing contracts	**266,805**	(3,795,353)
Inventories	**1,203,589**	1,047,446
Prepaid expenses and other receivables	**(235,629)**	89,504
Accounts payable, deferred checks , deferred revenues	**(846,942)**	1,224,341
Accrued expenses and other payables	**24,337**	913,844
End of service indemnities	**132,906**	47,426
Earned and unused point For E- Points	**(5,777)**	(10,481)
Cash available from operating activities	**2,919,143**	829,473
INVESTING ACTIVITIES		
Net Changes in property and equipment	**(290,706)**	(222,158)
Non-controlling interests	**(180,828)**	(129,451)
Net cash used in investing activities	**(471,534)**	(351,609)
FINANCING ACTIVITIES		
Bank overdrafts	**(1,508,193)**	1,913,887
Loans	**873,518**	664,503
Purchase of treasury stocks	**(23,397)**	(28,094)
Purchase of intangible assets	**-**	(200,000)
Dividends paid	**-**	(1,984,500)
Financial charges paid	**(921,226)**	(915,064)
Lease obligations	**(77,162)**	-
Net cash used in financing activities	**(1,656,460)**	(549,268)
Net change in cash and cash equivalents	**791,149**	(71,404)
Cash and cash equivalents, as of January 1	**1,857,252**	1,928,656
CASH AND CASH EQUIVALENTS, AS OF DECEMBER 31	**2,648,401**	1,857,252

1. ORGANIZATION AND ACTIVITIES

Offtec Holding Group Company ("the company") is a Jordanian public shareholding Company, which was registered on December 7, 2004 under Commercial number (355) at the Ministry of industry and Trade at the company's controller.

The Company's declared and paid-up share capital is JD 39,690,000 Divided into 39,690,000 shares, each for JD1.

The company's principal activities are as follows:

-Managing its subsidiary companies or participating in managing the other companies which it contributes in.
-Investing stocks, bonds, and securities.
-Providing loans, guarantees and financing to its subsidiaries company.
-Ownership of patents, trademarks, franchise rights and other intangible rights and the utilization and lease them to subsidiaries companies or / and others.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

2.1 New and amended IFRS that are effective for the current year

- IFRS 16 "leases"

IFRS (16) was issued in January 2016. The standard has led to the recognition of all leases in the statement of financial position, as the distinction between operating and financing leases has been removed. Under this standard, the asset (the-right-use the leased asset) and the financial liabilities are recognized for lease payments except for short-term leased contracts that are of low value. With regard to the accounting of lessors, there is no noticeable change to it.

The impact of the standard mainly on operating company leases accounting.

The standard is mandatory for financial years beginning on or after January 2019.

All contracts that are processed within this standard represent the company's sites and subsidiaries.

The fixed assets in the statement of financial position are amortized using the straight-line method over the expected period of time to use the asset and each asset separately.

Note that the lease contracts were previously classified as operating leasing contracts in accordance with Accounting Standard (17) and recorded as a rental expense for the income statement period.

As of January 1, 2019, the company had non-cancelable operating lease obligations for the amount of 598,717 JD.

The company has registered the right to use the leased assets at an amount of 530,452 JD, and the obligations of lease contracts in the amount of 537,026 JD have been recorded.

The effect on the income statement is to reduce the rental expense by 6,574 JD, and to increase the consumption and interest expense by 83,736 JD.

Leases are recognized as a right-of-use asset and the corresponding liability on the date that the leased asset is available for company use. Each lease payment is distributed between the obligation and the financing cost. The finance cost is charged to the profit or loss over the term of the lease in order to obtain a fixed periodic rate of interest due on the remaining balance of the liabilities for each period. Depreciation is calculated on the right-of-use assets over the useful life of the asset or the lease term, whichever is shorter by the straight-line-method.
Leased assets and liabilities are measured on present value basis. Leased assets include net present value of the present value of the following lease payments:

- Fixed payments (including fixed payments in substance), minus any lease incentives due.
- Variable lease payments based on the indicator or rate.
- The amounts expected to be paid by the tenant under the residual value guarantees.
- The price of the adopting of the purchase option in the event that the tenant is sure enough to say that this option is practiced.
- Payments for fines for termination of the lease, if the lease terms indicate that the tenant uses this option.

Operating leases liabilities are measured in present value for the remaining leased payments. Lease payments are deducted using the interest rate included in the leases contracts. And if the rate cannot be determined, we use the borrowing rate for the lessee. It is the rate at the lessee to pay to borrow the money needed to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use asset is measured in cost basis and include the following:

- The initial measurement amount of the rent obligation.
- Any leased payment paid on or before the start date of the contract, minus any rental incentives received.
- Any direct initial costs
- Any maintenance expense to return the original assets to his condition before the lease.

Payments related to short-term lease contracts and low-value assets are recognized on a straight-line basis as expenses in profit or loss. Short-term lease contracts are for 12 months or less.

The company has implemented the International Financial Reporting Standard No. (16) with a future effect as of January 1, 2019.

The effect of applying IFRS 16 as January 1, 2019 (increase / (decrease)) is as follows:

	December 31, 2019
Statement of financial position	
Use Rights	
The balance as of January 1, 2019	**598,717**
Impairment expense	**(68,265)**
Balance as of December 31, 2019	**530,452**
Liabilities	
Commitment to lease contracts	
Balance as of January 1, 2019	**598,717**
Interest expense	**15,471**
Paid during the year	**(77,162)**
Balance as of December 31, 2019	**537,026**
Which of them	
Current leases obligations	**213,763**
Non- Current lease obligations	**323,263**
	537,026

The effect on the income statement (increase / (decrease)) for the year ended December 31, 2019 is as follows:

	December 31, 2019
Comprehensive income statement	
Impairment expense entry	**68,265**
Interest expense Entry	**15,471**
Reduce lease Expense	**(77,162)**
The effect of adopting the standard	**6,574**

2 – 2 NEW AND AMENDED IFRSS IN ISSUE BUT NOT YET EFFECTIVE AND EARLY ADOPTED:-

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

New Standards	Effective for annual periods beginning on or after
Amendments to IFRS 3 Business Combinations	January 1, 2020
Amendments to IAS 1 Presentation of Financial Statements	January 1, 2020
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2020
Amendments to IFRS 7 Financial Instruments : Disclosures	January 1, 2020
Amendments to IFRS 9 Financial Instruments	January 1, 2020
Amendments to IFRS 10 Consolidated Financial Statements	Effective date deferred indefinitely
Amendments to IFRS 28 Investment in Associates and Joint Ventures	Effective date deferred indefinitely

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The basis of consolidated financial statements preparation
These consolidated financial statements have been presented in Jordanian Dinars because the majority of the Company's transactions are recorded in.

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

Basis of financial statements consolidation
The consolidated financial statements incorporate the financial statements of OFFTEC Group Company (Holding Company) and the subsidiaries controlled by the Company.

Control is obtains when the Company has:

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

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

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

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

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

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

The profit or loss and each component of other comprehensive income is distributed to the owners of the parent and to the non-controlling interests, total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balances.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the parent company.

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

The Consolidated financial Statements comprise the financial Statements of the following subsidiaries :

Subsidiary Company	Place of registration	Registration year	Percentage of equity and votes	principal activity
Jordan Educational Co. (limited liability company)	Jordan	1998	100%	Importing and exporting goods and machineries, applying general maintenance, trading, and contributing in other companies
Al-Wasleh company for financing (limited liability company)	Jordan	2003	100%	Financing office supplies, equipment and others

Subsidiary Company	Place of registration	Registration year	Percentage of equity and votes	principal activity
OFFTEC International (Exempted)(limited liability company)	Jordan	2007	100%	Managing investments, business, marketing, sale and obtain with contributing in other companies and foundations, establishing. Participating and managing companies
Trust International For Marketing and E-Commerce. (limited liability company)	Jordan	2004	100%	Marketing and trading in various methods including E-commerce.
OFFTEC Systems (limited liability company)	Jordan	2003	100%	Importing and exporting offices, offices furniture, bank equipment, supplies, and automation systems.
Karaz can Company (limited liability company)	Jordan	2003	100%	Manufacturing computer hardware, software and all related accessories.
Palestine Office Technology (limited liability company)	Palestine	1997	100%	Import, marketing and maintenance of office equipment
Offtec for Engineering Services (limited liability company)	Sudan	2009	50%	Carry out all business, engineering, marketing, maintenance of office equipment and software
Egyptian for loyalty and reward (limited liability company)	Egypt	2011	95%	General trading in what is permitted by law and E-points trading and advertising by all communication means, audio, readable and visual.

Subsidiary Company	Place of registration	Registration year	Percentage of equity and votes	principal activity
E – points (limited liability company)	United Arab Emirates	2012	100%	Marketing and trading in various methods including E-commerce.
OFFTEC Commercial Investment	Iraq	2014	60%	Importing equipment, furniture, machinery and systems
OFFTEC IRAQ for investments (limited liability company)	Jordan	2017	60%	Importing equipment, furniture, machinery and systems
Universe axis company(limited liability company)	Jordan	2018	60%	General trading, importing and selling lighting systems.

The parent Company and its subsidiaries headquarters are located in Amman, except for Palestine Office Technology which is located in The Palestinian Authority territories, Offtec for engineering services which is located in Sudan, Egyptian for loyalty, reward 'e-point' which is located in Arab Republic of Egypt and 'e-point' (LTD) which is located in UAE, and Offtec Commercial Investment which is located in Iraq.

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

Impairment
IFRS 9 replaces the "incurred loss" model in IAS 39 with an expected credit loss model (ECLs). The Company recognizes loss allowance for expected credit losses on the following financial instruments that are not measured at FVTPL
- Cash and bank balances:
- Trade and other receivables;
- Due from related party.

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

- 12 Month ECL, i.e. lifetime ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date(referred to as stage1); or

- Full lifetime ECL, i.e. Lifetime ECL that results from all possible default events over the life of the financial instruments, (referred to as stage2 and stage3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial Instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-monh ECL.

The Company has selected to measure loss allowances of cash and bank balances. Trade and other receivables, and due from a related party at an amount equal to life time ECLs.
ECLs are probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flow to the Company under the contract and the cash flows that the Company expects to receive arising from weighting of multiple future economic scenarios discounted at the asset's EIR.

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

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

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

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

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

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

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

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

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

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

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

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

Presentation of allowance for ECL are presented in the financial information

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

For financial assets measured at amortized cost (loans and advances, cash and bank balances): as a deduction from the gross carrying amount of the assets

For debt instruments measured at FVTOCI no loss allowance is recognized in the consolidated statement of financial position as the carrying amount is at fair value. However, the less allowance is included as part of the revaluation amount in re-evaluation reserve and recognized in other comprehensive income.

Revenue recognition

IFRS 15 "Revenue from contracts with customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several standards and Interpretation within IFRS. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step1: identify the contract with customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: performance obligation in a contract is a promise to transfer a good or service to the customer

Step 3: Determine the transaction price Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the goods and services to a customer excluding amount collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenues as and when the entity satisfies the performance obligation

The Company recognizes revenue over time if any one of the following criteria is met:

-The customer simultaneously receives and consumes the benefits provided by the Company performance as The Company performs.

-The Company performance creates or enhances an asset that the customer controls as the asset is created or enhanced or

-The Company performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance obligation completed to date.

-The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires the revenue recognition on the basis of the Company efforts or inputs to the satisfaction of the performance obligations. The Company estimates the total costs to complete the projects in order to determine amount of revenue to be recognized.

- When the Company satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from the customer exceeds the amount of revenue recognized this gives rise to a contract liability.

- Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or agent and has concluded that it is acting as a principal all of its revenue arrangements.

-Revenue is recognized in the consolidated financial statements to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if and when applicable, can be measured reliably.

Critical accounting judgments and key sources of estimation uncertainty
The preparation of consolidated financial statements requires management to make judgments estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.
In preparing these consolidated financial statements, the significant Judgments made by management in applying the Company accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial consolidated statements.

Critical judgments in applying the Company's accounting policies in respect of IFRS 9
Business model assessment: Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how Company s of financial assets were managed together to achieve a particular business objective. This assessment includes judgments reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continues assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

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

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

Models and assumptions used

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

Key sources of estimation uncertainty in respect of IFRS 9

The following are key estimations that the management has used in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in consolidated financial statements establishing the number and relative weightings of forward-looking scenarios for each type of product /market determining the forward looking information relevant to each scenario: When measuring ECL the Company uses reasonable and supportable forward looking information, which s based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of Default

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

Loss Given to Default

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

Expenses

General and administrative expenses include direct and indirect costs not necessarily a part of production costs as required under generally accepted accounting principles. An allocation of expenses among general and administrative expenses and cost of revenues are made on a consistent basis when required.

Cash and cash equivalents

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

Treasury stock

Treasury stock is reported as a separate item deducted from owners equity and does not have that right to the distributed dividends to the shareholders, and also does not have the right to vote in the general Assembly meetings of the Company, and is reported and presented at acquisition cost.

Accounts payable and accruals

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

Accounts receivable

Accounts receivable are stated at their net realizable value, a provision for doubtful accounts is being made based on a review of all accounts receivables at the end of the year. Bad debts are written off in the period of their recognition.

Inventories

Inventories in all companies are stated at net realizable value or cost, whichever is lower, and cost of inventory is stated by the weighted average method except for Palestine Office Technology Company which states its inventory by (FIFO) method.

Investments in lands and properties

Investments in lands and properties are stated at cost (in accordance with IAS 40). The standard gives the companies the option for recording its investment in lands and properties are whether at cost or at fair value, provided that there is no impediment to the ability to reliably determine the value of the investment. The management of the Company has chosen the cost to record its investments in lands and properties.

Investments in developed plat form, consumer operation and computer software

The fair value of the investments in developed plat form, consumer operation and computer software is stated based on its recoverable amount, and when its book value exceeds its recoverable amount, its value is reduced to the estimated recoverable amount which are measured based on the value in use and the recording of the impairment in the income statement.

Goodwill

International Accounting Standards Board issued International Financial Reporting Standard No. 3/Integration.

The recorded increase purchase cost over the fair value of invested company as goodwill.

When the recoverable amount of this goodwill less that the net book value, goodwill is reduced to the recoverable amount and the value of the impairment are recorded in the consolidated statement of comprehensive income.

Resulting Goodwill on acquisition of subsidiary or joint control of an entity represents the purchase cost for the company's share in the net fair value of the assets, liabilities and contingent liabilities of the subsidiary identified and recognized as at the date of purchasing.

First, goodwill recorded as an asset on the basis of cost, then measured later on the basis of cost less accumulated impairment in value.

For the purposes of impairment testing Goodwill is distributed to all cash-generating units in the company and which is expected to benefit from the integration process.

an annual test is done for cash generating units, which goodwill has been distributed for them, or at more frequent if any such indication exists in the declining of the unit value, If the recoverable amount of the cash-generating unit is less than its carrying amount, it is first reduced the impairment loss to the carrying amount of goodwill allocated to the unit and then to the other assets listed on the basis of the carrying amount of each asset in the unit that the recorded impairment losses of goodwill cannot be reversed in subsequent periods.

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

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment if any. This cost represents the purchase price plus any other setup, transportation to the location and launching the asset to make it ready for use. Expenditure on maintenance and repairs is expensed. Enhancement and improvement cost are capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	Annual depreciation rate
Furniture ,decorations and Leasehold improvements	6%-25%
Computers and communication devices	20%-30%
Electrical, office equipment and machinery	15%-25%
Leased equipment and devices	30%
Vehicles	15%
Other	10%-20%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and depreciation period appropriate with the expected economic benefits of property and equipment.

Impairment test is performed to the value of the property and equipment that appears in the consolidated Statement of Financial Position When any events or changes in circumstances shows that this value is non-recoverable.

In case of any indication to the low value, Impairment losses are calculated according to the policy of the low value of the assets

At the exclusion of any subsequent property and equipment, recognize the value of gains or losses resulting, which represents the difference between the net proceeds of exclusion and the value of the property and equipment that appears in the Statement of Financial Position, Gross Profit and loss.

End of service indemnity

The exchange of the end of service indemnity provision in the financial statements of Palestine Office Technology Company (the subsidiary company) is calculated on the basis of the salary of December of each year, by a salary of one month for each year of service for each employee who completed a year of work and above.

Investment in financing contracts

Under financing contracts, the company finances the asset and transfers the benefit for payments. Securities are exchanged against the value of the financing plus the financing interest.

The initial recognition of investment in financing contracts is recognized at fair value and is subsequently measured at amortized cost using the effective interest method and after the impairment allowance has been reduced. A provision for impairment is made when evidence is available that the Company will not be able to collect all amounts due under the terms of the original financing contracts. The debtor's facing of significant financial difficulties or the possibility of bankruptcy or financial restructuring of the debtor and default or delay in payment are indications of a decline in the value of investment in financing contracts.
The amount of the provision represents the difference between the carrying amount of investments in financing contracts and the present value of expected cash flows discounted at market interest rates. The carrying amount of these investments is reduced using the allowance for impairment and the loss is recognized in the statement of comprehensive income. Investments in non-collectible financing contracts are written off in the impairment account and, if any previously written off investments are recognized, they are recognized in other income in the statement of comprehensive income.

Foreign currency translation

Transactions in foreign currencies are translated to Jordanian Dinars at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Jordanian Dinars at the prevailing rates of exchange at that date.

When the financial statements of subsidiaries abroad are consolidated with the financial statements of the parent company, the assets and liabilities of these companies are transferred to the Jordanian Dinar at the prevailing rates at the end of the year. The income and expenses are translated on the basis of the average price for the period unless the exchange rate is accepted substantially the prevailing rates are used at the end of the year. The resulting exchange differences, if any, are included in owners' equity.

Provisions

The provision had been formed, when the company has a present obligation (legal or expected) from past events which its cost of repayment considers accepted and it has ability to estimate it reliably.

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

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

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

Provisions
Provision are recognized when the company has an current (legal or expected) results from obligation at the date of the financial statements as a result of past events, and the cost to settle the obligation are both probable and measured reliably. The amount recognized as a provision is the best estimate of the consideration required to settle the preset obligation at the financial statements date, taking into consideration the risks and uncertainties surrounding the obligation where a provision is measured using the estimated cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flow.

Accounts receivable is recognized as assets in case of receiving the amounts in certain and the value can be measured reliably

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

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

Leasing
Leases are classified as capital lease whenever the terms of the lease transfer substantially all of the risks and rewards of ownership of the lease. All other leases are classified as operating lease.

Rentals payable under operating lease are presented on consolidated Comprehensive income statements during the period of operating lease on a straight line basis.

4. INTANGIBLE ASSETS

Goodwill

During 2007, the Company invested in the entire shares and capital of the Offtec Group of Companies as set out in note (1) of JD 40,238,435, including the fees of the old partners waiving their shares in the capital of these companies on the basis of the net rights of the partners as of January 1, 2007 and / Or the date of purchase amounting to JD 28,923,198. The difference of JD 11,315,237 was considered goodwill resulting from the purchase of the entire share capital of these companies and subsidiaries

During the year 2018, the company acquired 60% of the company Universe axis, which owns the brand WATCO and resulted in this fame of JD 200,000.

-The annual impairment test of Goodwill

During the calendar year, the Parent Company assessed the recoverable amount of Goodwill, and determined no indication of impairment. The recoverable amount of cash generating unit is measured based on the net current amount of the expected cash flows through estimated budgets authenticated and approved by the Company and that covers a period of five years within an annual discount rate around of % 10.

Investments In Developed Platform , Consumer Operation and Computer Softwares

During the financial year, the management of the Group has assessed the amount of the recoverable amount from the investment in these programs and has determined that there is no impairment in value.
The recoverable amount of cash generating unit is measured based on the net current amount of the expected cash flows through estimated budgets authenticated and approved by the Company and that covers a period of five years within an annual discount rate around of % 10.

5. PROPERTY AND EQUIPMENT

	January 1	Additions	Disposals	December 31
Cost:				
Leasehold improvements	1,108,057	**40,530**	**(572,703)**	**575,884**
Furniture and decoration	499,225	**36,207**	**(2,631)**	**532,801**
Computers and communication devices	591,598	**20,754**	**(176)**	**612,176**
Electrical, office equipments and machinery	1,122,264	**85,938**	**(7,352)**	**1,200,850**
Leased equipment and devices	849,061	**3,180**	**-**	**852,241**
Vehicles	549,930	**20,000**	**(2,157)**	**567,773**
Other	34,815	**208,334**	**-**	**243,149**
Projects under construction	68,340	**-**	**-**	**68,340**
Total cost	4,823,290	**414,943**	**(585,019)**	**4,653,214**
Depreciation:				
Leasehold improvements	886,069	**45,881**	**(456,113)**	**475,837**
Furniture and decoration	369,061	**35,888**	**(415)**	**404,534**
Computers and communication devices	530,996	**33,075**	**(167)**	**563,904**
Electrical, office equipments and machinery	814,081	**93,315**	**(1,730)**	**905,666**
Leased equipment and devices	781,238	**48,236**	**-**	**829,474**
Vehicles	419,836	**50,612**	**(2,357)**	**468,091**
Other	34,815	**24,306**	**-**	**59,121**
Total depreciation	3,836,096	**331,313**	**(460,782)**	**3,706,627**
Book value at January 1	987,194			
Book value at December 31				**946,587**

6. INVESTMENT IN LANDS AND PROPERTIES

This item is an investment in land No. 744 Belaas 16 Basin of the lands of Naor

7. PREPAID EXPENSES AND OTHER RECEIVABLES

	2019	2018
Prepaid expenses	**241,253**	237,616
Deferred tax assets - Palestine	**171,535**	165,384
Refundable deposits	**61,028**	66,232
Due from employees and other receivables	**293,484**	62,439
	767,300	531,671

8. ACCOUNTS RECEIVABLE AND CHECKS UNDER COLLECTIONS

	2019	2018
Trade receivables	**6,826,797**	6,715,011
Advanced payments to suppliers	**641,787**	528,444
Checks under collections	**252,895**	666,383
Provision for doubtful accounts	**(1,180,114)**	(1,178,848)
	6,541,365	6,730,990

9. CASH AND CASH EQUIVALENTS

	2019	2018
	552,124	277,153
	2,096,277	1,580,099
	2,648,401	1,857,252

10. NET INVESTMENT IN FINANCING CONTRACTS

	2019	2018
Total investments in financing activities	**6,241,796**	6,119,746
Deferred revenues	**(1,547,162)**	(1,261,099)
Total before provision of impairment in financing activities	**4,694,634**	4,858,647
provision of impairment in financing activities	**(723,546)**	(620,754)
	3,971,088	4,237,893

11. STATUTORY RESERVE

In accordance with the Companies' Law in the Hashemite Kingdome of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 25% of the capital. However, the company may, with the approval of the General Assembly to continue to deduct this annual ratio until this reserve is equal to the Authorized capital of the Company in full. This reserve is not available for dividend distribution; The General Assembly is entitled to decide, in its extraordinary meeting, to amortize its losses by the accumulated statutory reserve against being rebuilt in accordance with the provisions of the enacted law.

12. TREASURY STOCK

The company purchased treasury stock 120,500 Stock the cost amount JD 59,500, 2018 : 59500 stock the cost amount JD 28,094 these shares do not have a right to dividends to shareholders and vote in the General Assembly meetings of the company.

13. END OF SERVICE INDEMNITIES

	2019	2018
Beginning balance	**807,640**	760,219
Additions during the year	**137,299**	131,095
(less) paid amount	**(4,388)**	(83,669)
	940,551	807,645

14. SHORT– TERM LOANS

Bank al Etihad

Al-Wasleh company for financing Ltd (Subsidiary) obtained a revolving loan of JD 1,000,000 to finance leasing contracts and installments with 10 % interest rate on installments and an annual commission of 1% guaranteed by the Company.

Jordan Educational Co. Ltd (Subsidiary) obtained a revolving loan of JD 200,000 guaranteed by the Holding Company.

Housing Bank for Trade and Finance

Jordan Educational Co. Ltd obtained a revolving loan of 800,000 guaranteed by the Company.

Arab Jordan Investment Bank (AJIB)

Al-Wasleh Co. for financing Ltd obtained a revolving loan of JD 1,520,000 guaranteed by the holding Company.

15. ACCRUED EXPENSES AND OTHER PAYABLES

	2019	2018
Accrued expenses	**653,922**	419,348
Due to the Shareholders	**44,958**	44,958
Unearned revenues	**179,662**	165,309
Earned and unused points	**2,949**	8,726
Due to employees and other payables	**55,305**	120,345
Income tax provision (Note 17)	**175,742**	174,558
Due to sales and income tax departments	**126,520**	111,512
	1,239,058	1,044,756

16. ACCOUNTS PAYABLE AND DEFERRED CHECKS

	2019	2018
Deferred checks	**10,718**	80,556
Trade payables	**5,318,979**	4,747,469
Payments received from customers	**333,524**	24,915
Other payables	**94,660**	1,684,172
	5,382,493	6,512,197

17. BANK OVERDRAFTS

Bank facilities for the Company and its subsidiaries companies are as follows:

Facilities granted by the Invest bank
The Jordan Educational Company Ltd (subsidiary company) obtained current debt with limit of JD 250,000 guaranteed by the Company.

Facilities granted by the Arab Bank
The credit facilities granted to the Jordan Educational Company Ltd ceiling of JD 400,000 to finance letter of credits and facilities guarantees of JD 500,000. Facilities are guaranteed by the Company.

Facilities granted by AL - Etihad Bank
Facilities granted by AL - Etihad Bank the facilities granted to Jordan Education Company Ltd with ceiling of JD 500,000 annually and guarantees facilities of JD 3,300,000 of which are guaranteed by the Company

The facilities granted to Mehwar Al Alam Trading Company (a subsidiary company), which is in the form of a renewed roof, at a value of 300,000 Jordanian dinars, and it is on the sponsorship of the holding company.

The facilities granted to Mehwar Al Alam Trading Company (a subsidiary company), which is in the form of a ceiling of bank guarantees of 100,000 Jordanian dinars, and it is guaranteed by the holding company.

Facilities granted by the Housing Bank for Trade and Finance
The credit facilities granted to Jordan Educational Company Ltd with a ceiling of JD 300,000 which guaranteed by the Company and facilities guarantees of JD 1,000,000 which is guaranteed by the holding company.

Facilities granted by the Arab Jordan Investment Bank (AJIB)
The credit facilities granted to Jordan Educational Company Ltd (a subsidiary company) are in the form of a bank guarantee ceiling of € 152,000 which is guaranteed by the holding company.

The credit facilities granted to Al-wasalah Finance Company (a subsidiary company) are in the form of a current debtor amounting to JD 100,000 and are on the guarantee of the holding company.

The facilities granted to the company are in the form of a current debtor with a value of JD 200,000, which is under the guarantee of the holding company.

Facilities granted Jordan Commercial Bank
The credit facilities granted in the form current debt of JOD 200,000 with an interest of 9% And to guarantee of the mortgaged land number 744 area of Bellas 16 from Na'oor land mortgage on first-class. During 2018, dealing with the bank has been stopped.

Facilities granted by the National Bank– Palestine
Palestine Office Technology (subsidiary company) obtained banking facilities of USD 800,000 Letters of credit facilities of USD 600,000 and USD 200,000 guarantees and it is guaranteed by the holding Company.

Facilities granted by Palestine Bank – Palestine
Palestine Office Technology (subsidiary company) obtained b facilities of Israeli shekel 400,000 as current debt limit and facilities of USD 800,000 as letter of credit and facilities of USD 800,000 as guarantees and facilities of USD 500،000 of letters of credit guaranteed by the Holding company.

Bank Jerusalem – Palestine
Palestine office Technology Company (subsidiary) obtained Bank Facilities by USD 1,000,000as form of letter of credit and USD 500,000 facilities also as of letter of credits and USD 600,000 as guarantees which are guaranteed by the holding company, in addition to a bank deposit by USD 224,543.

18. INCOME TAX

Income tax provision movement is as follows:

	2019	2018
Balance at January 1	**174,558**	193,329
Paid during the year	**(174,558)**	(193,329)
Provision for the year	**175,742**	174,558
Balance at December 31	**175,742**	174,558

Income tax as reported in the income statement:

	2019	2018
Current year income tax	**175,742**	174,558
Previous years income tax	**-**	34,620
	175,742	209,178

Summary of settling the accounting profit with the taxable profit:

	2019	2018
Accounting profit	**1,041,680**	1,267,901
Add: Non-taxable expenses	-	108,032
Deduct: Non-taxable revenue	-	-
Deduct: Non-controlling interest income	**(141,856)**	(153,095)
Taxable Income	**899,824**	1,222,838
Details:		
Taxable income 10%	-	570,370
Palestine taxable income 15%	-	418,140
Taxable income 24%	-	198,358
Taxable income 20%	-	35,970
Income tax for the year	**146,489**	174,558
Legal Income tax rate	**21%**	20%
Actual Income tax rate	**14%**	14%

The Company settled its tax position with Income Tax Department till 2016. The income tax return statement was submitted for the year 2017 and 2018 but it has not been reviewed by the department.

The Jordan Educational Company Ltd settled its tax position with Income Tax Department till 2016 The self-assessment tax statement was submitted for the year 2017 and 2018 but it has not been reviewed by the department.

The Trust International for Marketing and E-commerce (subsidiary) settled its tax position with the Income Tax Department till December 31, 2017.

OFFTEC Systems Company Ltd tax position has been settled with Income Tax Department till 2018.

Al-Wasleh Company for financing Company tax position has been settled with Income Tax Department till 2016. The self-assessment tax statement was submitted for the year 2017 and 2018 but it has not been reviewed by the department.

Karaz can Company Ltd tax position has been settled with Income Tax Department till December 31, 2018

International OFFTEC for investment is exempted from income tax, its tax position has been settled with Income Tax Department till 2018

Palestine Office Technology Company tax position has been settled up December 31, 2011

A self -evaluation statement was presented to Mehwar World Trading Company for the year 2018.

19. NET REVENUES FROM FINANCING CONTRACTS

	2019	2018
Revenues from financing contracts	**2,233,730**	2,082,609
Financing expenses	**(439,290)**	(364,362)
Gross profit	**1,794,440**	1,718,247
Provision of impairment in receivables	**(99,047)**	(71,968)
	1,695,393	1,646,279

20. GENERAL, ADMINISTRATIVE, SELLING AND MARKETING EXPENSES

	2019	2018
Salaries, wages and other benefits	**5,914,450**	5,223,881
Depreciation of property and equipment	**419,759**	446,224
Professional fees and consultancies	**174,175**	278,997
Rents	**405,439**	566,916
Stationary and printings	**96,094**	82,490
License and fees	**187,308**	146,325
Transportation , traveling and vehicles expenses	**612,323**	533,469
Board of directors transportation and fees	**71,426**	61,523
Advertisements	**98,830**	110,938
Utilities	**79,269**	119,000
Insurance	**182,471**	190,395
Telephone, postage and Internet	**110,753**	104,403
Maintenance and spare parts	**178,174**	104,225
Selling and marketing expenses	**1,157,809**	678,594
Hospitality	**72,297**	90,719
Donations	**2,789**	8,430
Training	**32,017**	37,425
Securities	**13,770**	-
Miscellaneous	**106,627**	86,808
	9,915,780	8,870,762

21. CONTINGENCIES LIABILITIES

As of December 31, the Company had the following contingent liabilities:

	2019	**2018**
Bank guarantees	**937,275**	8,759,652

THE LEGAL STATUS OF THE COMPANY

Cases raised by the company:
There are cases raised by the company against third parties amounted by JD 338,447

Cases raised against the company by others:
There are no cases brought against the company by third parties according to the lawyer of the company and the subsidiaries.

22 .IMPACT OF ADOPTION OF IFRS 9 "FINANCIAL INSTRUMENTS"

IFRS9 Financial Instruments provides requirements for the recognition and measurement of monetary financial assets and liabilities and certain contracts for the purchase or sale of non-financial items. This Standard supersedes IAS39 Financial Instruments: "Recognition and Measurement"

The Company has adopted IFRS 9 as of January 1, 2018. The Company has chosen not to adjust the comparative figures and the changes in the effective date have been included in the carrying amounts of the monetary financial assets and liabilities within the opening balances of the retained earnings.

The net effect arising from the adoption of IFRS9 as of 1January 2018is a decrease in retained earnings of JD 1,864,353.
receivables previously classified as receivables under IAS 39 are now classified at amortized cost. An additional impairment allowance of JD 1,209,175 for these receivables was recognized as part of the opening balance of retained earnings as at 1 January 2018 when IFRS 9 was applied.

Foreign currency translation differences resulting from the financial statements were consolidated with subsidiaries outside Jordan dealing in other foreign currencies, representing a decrease in the value of the investment in a subsidiary amounting JD692,973

Deferred tax assets Offtec Palestine (subsidiary) amounting to JD 37,795 has been resulted from an increase in provision for impairment of receivables which was recognized in the opening balance of retained earnings

23. FINANCIAL INSTRUMENTS

Management of share capital risks

The Company manages its capital to make sure that the Company will continue when it is take the highest return by the best limit for debts and shareholders' equity balances, The Company's strategy has not changed from 2018.

Structuring of Company's capital includes the Owner's equity in the Company which includes share capital, statutory reserves and changes in currencies resulted from consolidation and retained earnings as it listed in the changes in Owner's equity statement.

The debt rate

The board of directors is reviewing the share capital structure periodically, As a part of this review, the board of directors consider the cost of share capital and the risks that is related in each faction from capital and debt factions, The Company's capital structure includes debts from the borrowing, The Company doesn't determine the highest limit of the typical debt rate and it doesn't expect increase in the typical debt rate by issuing a new debt during 2020.

	2019	2018
Debts	**6,699,569**	7,334,244
Owners' equity	**45,100,342**	44,626,355
Debt/ equity ratio	**%15**	%16

This increase in the debt rates due to the Company obtaining a new loan and the loans payments will commence in 2018.

The management of the financial risks

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

Management of the foreign currencies risks
The Company is exposed to significant risks related with the foreign currencies changing, so no need for effective administration for this exposure.

Management of the interest price risks
Risk related to interest rate result mainly from borrowing money at varying floating interest rates and short term deposits at fixed interest rates,

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

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

Currency	Interest rate increase	The impact on profit for the year	
JD	Percentage points	**2019**	2018
	25	**- 16,749**	**- 18,336**

Currency	Interest rate decrease	The impact on profit for the year	
JD	Percentage points	**2019**	2018
	25	**+16,749**	**+ 18,336**

Other prices risks
The Company is exposed to price risks resulting from its investments in owner's equity to other companies; The Company keeps investments in other company's owner's equity for strategic purposes and not for trading purposes.

Credit risk management
The credit risks represent in one part of the financial instruments contracts has not obligated to pay the contractual obligations and due to that the company is exposed to financial losses, However, there are no any contracts with any other parts so the Company is not exposed to different types of the credit risks, The credits risks that are resulting from the cash money are specific because the parts that are dealing with it are local banks have good reputations and have been controlled from control parties,

The amounts had listed in the financial statements data represents the highest credit risk exposed to the trade accounts receivable and other receivables and to the cash and cash equivalent.

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

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

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

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

	Interest rate	Year or less	More than one year	Total
December 31, 2019				
instruments without interest	-	**7,118,076**	**1,263,814**	**8,381,890**
instruments with interest	**8% - 9,75%**	**6,699,569**	**-**	**6,699,569**
Total		**13,788,392**	**1,263,814**	**15,081,459**
December 31, 2018				
instruments without interest	-	7,556,953	807,645	8,364,598
instruments with interest	8% - 9,75%	7,334,244	-	7,334,244
Total		14,891,197	807,645	15,698,842

24. SUBSEQUENT EVENTS

The existence of novel corona virus (COVID -19) was confirmed in early 2020 and has spread across multiple geographies, causing disruptions to businesses and economic activity. The Company considers this outbreak to be a non-adjusting post balance sheet event. At this early stage when situation is rapidly evolving; the Company has already mobilized a task force to assess the possible impact on its business. The initial study encompasses reviewing the potential risks around continued uninterrupted functioning of sales facilities. It is not practicable to provide a quantitative estimate of the potential impact at this stage. The Company does not foresee major impact on its operations issued on operation result before March 15, 2020, if the situation is normalized within a reasonable time period. The management and those charged with governance will continue to monitor the situation and accordingly update stakeholders as per the regulatory requirements. Any changes in circumstances may require enhanced disclosures or recognition of adjustments in the financial statements of the Company for the subsequent periods.

25. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorized for issuance on March 31, 2020 These consolidated financial statements require the General Assembly of shareholder's approval.

26. COMPARATIVE FIGURES

Certain figures for 2018 have been reclassified to conform the presentation in the current year 2019.