FIRST FINANCE COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN

CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE SIX
MONTHS ENDED JUNE 30, 2018

TOGETHER WITH REVIEW REPORT

FIRST FINANCE COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN
FOR THE SIX MONTHS
ENDED JUNE 30, 2018

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Deloitte.

Deloitte & Touche (M.E.)
Jabal Amman, 5th Circle
190 Zahran Street
Amman, P.O. Box 248
Jordan

Tel: +962 (0) 6 550 2200
Fax: +962 (0) 6 550 2210
www.deloitte.com

Review Report

AM/ 32710

To the Chairman and Board Members of
First Finance Company
(A Public Limited Shareholding Company)
Amman - Jordan

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of First Finance Company (Public Limited Shareholding Company) as of June 30, 2018 and the related condensed interim consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Company". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion on Financial Statements

The net amount of account receivables from financing activities is an amount JD 56.8 million shown on the statement of financial position at June 30, 2018. In accordance with International Financial Reporting Standard 9 Financial Instruments which is applicable for accounting periods commencing on or after January 1, 2018 management should assess and calculate the impairment provision as a result of implementing the above standard, and as at the date of this report management has not completed their calculation of impairment in line with the standard because not all systems and processes have been implemented by management that support this calculation. In these circumstances, we are unable to quantify the effect of the departure from the accounting standard.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the paragraph above, nothing has come to our attention that the accompanying condensed interim financial statements are not prepared in accordance with International Accounting Standard No. (34) related to Interim Financial Reporting.

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Emphasis of a Matter
As stated in note (5) to the condensed interim consolidated financial statements, there is a credit concentration of JD 33.5 million, representing 53% of total performing receivables from financing activities after deducting unrealized revenue, granted to eight customers / groups, noting that there is no sufficient guarantees to cover the full balance as of June 30, 2018 (JD 21 million as of December 31, 2017 which is equivalent to 46.6%). Our conclusion is unqualified in respect to this matter.

Explanatory Paragraph
The Company's fiscal year ends on December 31 of each year. However, the condensed interim consolidated financial statements have been prepared for management purposes and for the Jordan Securities Commission requirements only.

Other Matter
The accompanying condensed interim consolidated financial statements are a translation of the statutory condensed interim consolidated financial statements in the Arabic language to which reference is to be made.

Amman - Jordan
July 31, 2018

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
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FIRST FINANCE COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN- JORDAN
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	June 30, 2018 (Reviewed not Audited)	December 31, 2017
		JD	JD
Current Assets:			
Cash on hand and at banks		494,780	529,598
Accounts receivable from financing activities - Net	5	56,842,798	52,426,650
Financial assets at fair value through statement of income		55,237	68,859
Due from brokerage companies		23,260	5,255
Other debit balances	6	2,053,151	2,325,254
		59,469,226	55,355,616
Deferred tax assets	9/d	3,012,293	3,432,211
Financial assets at fair value through other comprehensive income	7	5,849,006	5,671,001
Property and equipment - Net		479,677	528,534
Intangible assets-Net		4,448	11,114
TOTAL ASSETS		68,814,650	64,998,476
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Customers' investment accounts	8	13,406,647	10,384,223
Income tax provision	9/d	227	904,842
Bank's withdrawals	10	956,178	-
Other credit balances		4,087,942	3,036,787
Total Liabilities		18,450,994	14,325,852
Shareholders' Equity:			
Paid-up capital		35,000,000	35,000,000
Statutory reserve		3,120,815	3,120,815
Special reserve		229,851	229,851
Investments valuation reserve		(262,912)	(335,885)
Retained earnings		11,257,843	12,657,843
Profit for the period		1,018,059	-
Total Shareholders' Equity		50,363,656	50,672,624
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		68,814,650	64,998,476

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

FIRST FINANCE COMPANY

(A PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME

(REVIEWED NOT AUDITED)

	Note	For the Three Months Ended June 30, 2018	For the Three Months Ended June 30, 2017	For the Six Months Ended June 30, 2018	For the Six Months Ended June 30, 2017
		JD	JD	JD	JD
Revenue:					
Finance revenue		1,280,697	1,231,330	3,024,508	2,420,098
(Less): Investment accounts owners share of the revenue		(180,637)	(92,579)	(326,243)	(166,311)
Company's share of revenue		1,100,060	1,138,751	2,698,265	2,253,787
Dividends income from Financial assets at value through other comprehensive income		239,499	233,272	239,499	233,272
Gain (Losses) from valuation of Financial assets at fair value through statement of income		2,087	(35,399)	2,606	(38,908)
Other revenue - net		180,302	216,930	400,592	427,300
Total Revenue		1,521,948	1,553,554	3,340,962	2,875,451
Expenses:					
Staff cost		(300,801)	(294,234)	(501,973)	(462,905)
Other operating expenses		(158,682)	(215,964)	(409,231)	(425,893)
Provision for accounts receivable from financing activities		(1,082,500)	-	(1,082,500)	-
Total Expenses		(1,541,983)	(510,198)	(1,993,704)	(888,798)
Profit for the Period before Tax		(20,035)	1,043,356	1,347,258	1,986,653
Income tax	9/b	49,931	(200,125)	(329,199)	(475,616)
Profit for the Period		29,896	843,231	1,018,059	1,511,037
Earnings per Share for the Period (Basic and Diluted)	11	0,001	0,02	0,03	0,04

Chairman of the Board of Directors

General Manager

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FIRST FINANCE COMPANY

(A PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONDENSED INTERIM CONSOLIDATED STATEMENT OF

OTHER COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Profit for the period	29,896	843,231	1,018,059	1,511,037
Other comprehensive Income items:				
Items Not Subsequently Transferrable to Statement of Income:				
Net changes in Investment valuation reserve	254,922	(40,157)	72,973	159,376
Total comprehensive income for the period	284,818	803,074	1,091,032	1,670,413

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FIRST FINANCE COMPANY

(A PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(REVIEWED NOT AUDITED)

	Paid-up Capital	Statutory Reserve	Special Reserve	Investments Valuation Reserve	Retained Earnings *	Profit for the Period	Total
For the Six Months Ended June 30, 2018	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	35,000,000	3,120,815	229,851	(335,885)	12,657,843	-	50,672,624
Profit for the period	-	-	-	-	-	1,018,059	1,018,059
Net change in investment valuation reserve	-	-	-	72,973	-	-	72,973
Total comprehensive income for the period	-	-	-	72,973	-	1,018,059	1,091,032
Distributed dividends **	-	-	-	-	(1,400,000)	-	(1,400,000)
Balance at the End of the Period	35,000,000	3,120,815	229,851	(262,912)	11,257,843	1,018,059	50,363,656
For the Six Months Ended June 30, 2017							
Balance at the beginning of the year	35,000,000	2,691,970	229,851	(438,843)	11,998,909	-	49,481,887
Profit for the period	-	-	-	-	-	1,511,037	1,511,037
Net change in investment valuation reserve	-	-	-	159,376	-	-	159,376
Total comprehensive income for the period	-	-	-	159,376	-	1,511,037	1,670,413
Distributed dividends **	-	-	-	-	(2,100,000)	-	(2,100,000)
Balance at the End of the Period	35,000,000	2,691,970	229,851	(279,467)	9,898,909	1,511,037	49,052,300

* The retained earnings blanace includes an amount of JD 3,012,293 representing the value of deferred tax assets as of June 30, 2018 (JD 3,432,211 as of December 31, 2017). This balance may not be utilized based on the instructions of the Jordan Securities Commission.

* Based on the instructions of the Jordan Securities Commission, the Company may not use or distribute an amount of JD 262,912 from the retained earnings, representing the negative investments valuation reserve.

** The General Assembly approved in its meeting held on April 26, 2018 to distribute to the shareholders cash dividends with an amount of JD 1.4 million, equivalent to 4% of the Company's capital amounted to JD 35 million (JD 2.1 million last year).

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

FIRST FINANCE COMPANY

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AMMAN - JORDAN

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(REVIEWED NOT AUDITED)

	Note	For the Six Months Ended June 30, 2018	2017
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period before income tax		1,347,258	1,986,653
Adjustments:			
Provision for account receivable from financing activities		1,082,500	-
Depreciation and amortization		70,990	83,437
(Gain) losses from valuation of financial assets at fair value through statement of income		(2,606)	38,908
Net Cash Flows from Operating Activities before Changes in Working Capital Items		2,498,142	2,108,998
Decrease in cheques under collection		-	5,338,775
(Increase) in account receivables from financing activities - Net		(5,498,650)	(2,065,752)
(Increase) in due from brokerage companies		(18,005)	(36,913)
Decrease (increase) in other debit balances		272,103	(801,859)
Increase (decrease) in customers' investments accounts		3,022,424	(2,043,178)
Increase in other credit balances		390,967	44,600
Net Cash Flows from Operating Activities before Income Tax Paid		666,981	2,544,671
Income tax paid	9/a	(910,427)	(801,071)
Net Cash Flows (used in) from Operating Activities		(243,446)	1,743,600
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) of property and equipment		(15,464)	(15,304)
(Purchase) of financial assets at fair value through other comprehensive income		(8,414)	(313,086)
Proceeds from sale of the financial assets at fair value through other comprehensive income		16,227	-
Net Cash Flows (used in) Investing Activities		(7,651)	(328,390)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Bank's withdrawals	10	956,178	-
Distributed dividends	16	(739,899)	(1,813,188)
Net Cash Flows from (used in) Financing Activities		216,279	(1,813,188)
Net (Decrease) in Cash		(34,818)	(397,978)
Cash on hand and at banks - beginning of the year		529,598	3,502,514
Cash on Hand and at Banks - End of the Period		494,780	3,104,536
Non-Cash Item:			
Written-off debts	5	(5,857,499)	-

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

FIRST FINANCE COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. General

a. First Finance Company was established as a public limited shareholding company and registered with the Ministry of Industry and Trade under No. (390). The company's address is Building No (172), king Abdullah II Street, Khalda P.O Box 144596 Amman, 11814 Jordan. The Company's authorized capital is JD 50 million, which was fully paid on March 5, 2006. In accordance with the resolution of the General Assembly of Shareholders, in its extraordinary meeting of April 14, 2011, and after the approval of the Minister of Industry and Trade on June 22, 2011 in the Controller of Companies' Letter No. MSH/1/390 dated June 27, 2011, the Company reduced its authorized and paid-up capital by JD15 million to amortize the accumulated losses. Consequently, the Company's capital has become JD 35 million instead of JD 50 million.

The Company's main objectives are as follows:

- Preforming financing activities for natural and legal persons in accordance with the Sharia Islamic Religions Law. This includes, for example, direct financing of consumer and durable goods; financing of real estate, including financing of land, housing, buildings and construction; as well as 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 beneficiaries of the programs of these institutions.

- Managing others' funds in the financial and investment fields for specific fees or shares from the proceeds of such funds.

- Managing property, real estate, and other immovable and movable properties owned by others.

b. Based on the Ministry of Industry and Trade's Letter No. MSh/1/390/19827 dated September 3, 2006, the Company started operating effective from the date of the Ministry's letter.

c. The condensed interim consolidated financial statements have been approved by the Board of Directors on July 26, 2018.

2. Most Significant Accounting Policies

Basis of Preparation

- The accompanying condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting.

- The condensed interim consolidated financial statements are prepared in accordance with the historical cost principle, except for certain financial assets and financial liabilities which are stated at fair value as of the date of the condensed interim consolidated financial statements.

- The condensed interim consolidated financial statements are stated in Jordanian Dinar, which is the functional currency of the Company.

- The condensed interim consolidated financial statements do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with International Financial Reporting Standards and must be read with the annual report of the Company as of December 31, 2017. In addition, the results of the Company's operations for the six months ended June 30, 2018 do not necessarily represent indications of the expected results for the year end December 31, 2018, and do not contain the appropriation of the profit of the current period, which is usually performed at year-end.

- <u>Changes in Accounting Policies</u>
The accounting policies adopted in the preparation of the condensed interim consolidated financial statement are consistent with those adopted for the year ended December 31, 2017, except for the effect of the application of the New and revised International Financial Reporting Standards effective for accounting periods commencing on or after 1 January 2018 as follows:

a. <u>Amendments with no material effect on the condensed interim consolidated financial statements:</u>

Annual Improvements to IFRS Standards 2014 – 2016 The improvernents include the amendments on IFRS 1 and IAS 28 and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 2 *Share Based Payment*
The amendments are related to classification and measurement of share based payment transactions and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 4 Insurance Contracts
The amendments relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard and they are effective for annual periods beginning on or after January 1, 2018.

IFRIC 22 *Foreign Currency Transactions and Advanced Consideration*
The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

Amendments to IAS 40 *Investment Property*
These amendments show when the entity shall transfer (reclass) a property including investments under process or development to, or from, investment property.

IFRS 15 *Revenue from Contracts with Customers*
In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Amendments to IFRS 15 *Revenue from Contracts* with Customers
The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

Amendments to IFRS 7 *Financial Instruments: Disclosures*
The amendments are related to disclosures about the initial application of IFRS 9. The amendments are effective when IFRS (9) is first applied.

IFRS 7 Financial Instruments: Disclosures
The amendments are related to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. The Amendments are effective when IFRS 9 is first applied.

b. Amendments will have an effect on the condensed interim consolidated financial statements of the Company

The application of IFRS 9 *Financial Instruments:*
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. And a new version of the new standard includes the requirements of **recognition, measurement, impairment and hedge accounting**.

The final version of IFRS 9 relating to financial instruments was replaced which relates to the credit loss model incurred in accordance with IAS 39 Financial Instruments: Recognition and Measurement, replacing a model for expected credit losses. The Standard includes a business model for debt instruments, loans, financial liabilities, financial guarantee contracts, deposits and receivables, but does not apply to equity instruments.

In case there is a low credit risk to the financial asset at the date of initial application of IFRS (9), the credit risk relating to the financial asset is considered to have not been changed substantially since its initial recognition.

In accordance with IFRS 9 Financial Instruments the expected credit losses are recognized at an early date in accordance with IAS 39.

The revised version of IFRS 9 (2014) (Financial Instruments) includes a classification mechanism for financial assets and liabilities. IFRS 9 requires all financial assets to be classified based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

There is no material changes related to reclassifcation of financial assets and liabilities due to the implemention of IFRS (9) for the year 2014.

According to International Financial Reporting Standard a Financial Instruments is applicable for accounting periods commencing on or after January 1, 2018. The Company's management shoud calculate the impact of IFRS (9) and book the requird provision. The Company management did not complete the calculation of impairment in line with the standard because not all systems and processes have been implemented that support this calculation yet.

3. Basis of Consolidation of Condensed Interim Financial Statements:

- The consolidated financial statements encompass the financial statements of Company and its subsidiary after eliminating balances and transactions between the two companies.

- The Company established Sokuk for Finance Leasing company (Limited liability company) under number (47453) on April 19, 2017 with authorized share capital equal to 1 million Dinar and the paid-up capital of JD 500 thousand, and it's %100 owned by First Finance Company, and its main activities is finance leasing.

The Company own as of June 30, 2018 Sokuk for Finance Leasing (a subsidiary company) as follow:

Paid share capital	Ownership	Nature of business	Country	Incorporation date
JD	%			
500,000	100	Commercial	Jordan	April 19, 2017

The following table illustrate the finance position and performance for Sokuk Company for Finance Leasing (Subsidiary) as of June 30, 2018:

June 30, 2018		For the six month ended June 30, 2018	
Assets	Liabilities	Revenue	Expenses
JD	JD	JD	JD
490,295	-	-	3,639

The control established when the Company is able to control the finance and operating policies for the subsidiary company for the purpose of obtaining benefits from its activities after eliminating transactions, balances, revenue and expenses between the two companies.

The operation of the subsidiary company is consolidated in the statement of income and comprehensive income from the date of incorporation, which it's the date on which the actual control is transferred on the subsidiary company, and the operation results of the subsidiary company are eliminated in the consolidated statement of income and comprehensive income until its disposing date, which it's the date when the Company lose control of the subsidiary company.

4. Using Estimates

Preparation of the condensed interim consolidated financial statements and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities and disclosures on contingent liabilities. These estimates and judgments impact revenue, expenses, and provisions. In particular, this requires from the Company's management to issue significant judgments for estimating the amounts of future cash flows and their timing. These estimates are necessarily based on several assumptions and factors with varying degrees of consideration and uncertainty. Actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

Management believes that the estimates in the condensed interim consolidated financial statements are reasonable, and consistent with the estimates used during the year ended December 31, 2017.

5. Account Receivables from Financing Activities - Net

This account represents the accounts receivable that resulted from Bel-Ajel Financing and credits granted as follows:

	June 30, 2018	December 31, 2017
	JD	JD
Finance receivables	77,276,995	78,293,826
(Less): Unrealized revenue on financing contracts	(9,587,052)	(10,104,770)
	67,689,943	68,189,056
(Less): Provisions for impairment	(8,602,081)	(13,377,080)
Suspense revenue	(2,245,064)	(2,385,326)
	56,842,798	52,426,640

The details of this item according to the financing activities is as follows:

	Gross Account Receivables as of June 30, 2018	Unrealized Revenues as of June 30, 2018	Net Accounts Receivable as of June 30, 2018	Net Accounts Receivable as of December 31, 2017
	JD	JD	JD	JD
Issued Wakalat investments (Shares)	2,782,020	-	2,782,020	9,348,063
Cars financing	23,260,684	3,443,059	19,817,625	22, 056, 090
Real-estate financing	15,948,416	2,937,132	13,011,284	12,257,213
Companies financing	32,455,781	3,153,033	29,302,748	22,239,345
Individuals financing	2,830,094	53,828	2,776,266	2,288,345
	77,276,995	9,587,052	67,689,943	68,189,056

Provision for Impairment

The movement on the provision for impairment is as follows:

	For the Six Months Ended June 30, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance at the beginning of the period / year	13,377,080	13,377,080
Written-off debts during the period / year *	(5,857,499)	-
Additions during the period / year	1,082,500	-
Balance at the End of the Period / Year	8,602,081	13,377,080

* According to the Board of Directors decision number (5) dated July 26, 2018, debts amounted to JD 5,857,499 has been written-off noting that these debts were fully covered by provisions and suspended interests.

Suspense revenue

The movement on suspense revenue is as follows:

	For the Six Months Ended June 30, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance - Beginning of the period / year	2,385,326	2,033,987
Suspended revenue during the period / year	937,538	1,223,821
Written-off suspended revenue	(695,445)	-
Suspended revenue transferred to revenue	(382,355)	(872,482)
Balance - End of the Period / Year	2,245,064	2, 385, 326

The Company follows a policy of dealing with creditworthy parties as well as obtaining adequate collateral where possible to mitigate the risk of financial losses arising from non-fulfillment of obligations.

There is a credit concentration of JD 33.5 million, representing 53% of total receivables from performing financing activities after deducting unrealized revenue, granted to eight customers/ groups, noting that these receivables are not fully covered with sufficient guarantees as of June 30, 2018 (JD 21 million as of December 31, 2017 which is equivalent to 46.6%).

6. Other Debit Balances

This item consists of the following:

	June 30, 2018	December 31, 2017
	JD	JD
Prepaid expenses *	150,677	179,180
Accrued revenue	122,117	68,744
Refundable deposits	377,027	677,602
Assets seized by the Company against due balances	1,036,060	1,036,060
Deferred notes receivable	29,700	39,700
Others	337,570	323,968
	2,053,151	2,325,254

* This item includes rent of the Head Office Building, paid in advance of JD 49,252 extended until the end of the year 2026 (JD 98,512 as of December 31, 2017).

7. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	June 30, 2018	December 31, 2017
	JD	JD
Shares listed in Amman Stock Exchange	4,551,045	3,994,105
Foreign listed shares	656,713	1,048,120
Unquoted shares	641,248	628,776
	5,849,006	5,671,001

- Shares of JD 2,577,188 have been mortgaged for the benefit of Jordan Kuwait Bank against a letter of credit ceiling granted to the Company.

8. Customers' Investments Accounts

This item represents Wakalat investments received from customers to be invested in the Company's activities. The rate for account owners range from 4.25% to 7% as of June 30, 2018 (4.75% - 7.25% as of December 31, 2017).

9. Income Tax Provision

a. The details of this item is as follows:

	For the Six Months Ended June 30, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance at the beginning of the period / year	904,842	795,712
Income tax paid	(910,472)	(991,544)
Income tax provision for the period / year	5,857	1,100,674
Balance at the End of the Period /Year	227	904,842

The Company has reached a final settlement with the Income and Sales Tax Department up to the year 2015. Furthermore, the Company has submitted its income tax return for the year 2016 and 2017. In addition, the Company 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 these years yet.

The Company has also calculated a provision for income tax for the six months ended on June 30, 2018. In the opinion of the Company's management and its tax advisor, the provisions recorded in the financial statements as of June 30, 2018 are sufficient to meet the expected tax liabilities, as the written-off debts by which court resolutions were issued have been utilized as taxable expenses after it has been written-off by the Company during the six months ended June 30, 2018.

b. The income tax expense shown in the condensed interim statement of profit or loss is as follows:

	For the Six Months Ended June 30,	
	2018	2017
	JD	JD
Accrued income tax on the period profit	(5,857)	(475,616)
Deferred tax assets	(323,342)	-
Income Tax Expense	(329,199)	(475,616)

c. The details of deferred tax assets is as follows:

	For the Six Months Ended June 30, 2018					
	Amounts				For the period ended June 30, 2018	For the year ended December 30, 2017
Accounts Included:	Balance - Beginning of the Year	Amounts Added	Amounts Released/ written-off	Balance – End of Year	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Impairment provision	13,377,080	1,082,500	(5,857,499)	8,602,081	2,064,499	3,210,499
Written-off debts with court resolutions *	-	5,857,499	(2,429,758)	3,427,741	822,658	-
Investment valuation reserve **	557,387	-	(169,339)	388,048	125,136	220,364
	13,934,467	6,939,999	(8,456,596)	12,417,870	3,012,293	3,430,863

* During the first half of the year 2018, the Company has approved to write-off around JD 5.9 million, and due to the fact that court resolutions were issued against debtors, the management and the Company's tax advisor believe that these provisions will be accepted as a fully taxable expense. Accordingly, the Company has recognized a deferred tax assets.

** Deferred tax assets related to investment valuation reserve are calculated after taking into consideration 24% of the local investments and 10% of the foreign investments.

d. The movement on deferred tax assets is as follows:

	For the six month ended June 30, 2018	For the year ended December 30, 2017
	JD	JD
Balance - beginning of the year / period	3,432,211	3,430,863
(Deduction) from provision for doubtful debts	(1,146,000)	-
(Deduction) addition from investment valuation reserve	(96,576)	1,348
Addition from written-off debts with court resolutions	822,658	-
Balance-end of the year / period	3,012,293	3,432,211

10. Bank's Withdrawals

Bank's withdrawals from Jordan Kuwait Bank amounted to JD 956,178 were booked during June 25, 2018 against letter of credit in-favor one of the company's customers. However, these withdrawals will be paid in one installment after 60 days from the date of withdrawal.

11. Earnings Per Share for the Period

This item consists of the following:

	For the Six Months Ended June 30,	
	2018	2017
	JD	JD
Profit for the period	1,018,059	1,511,037
Number of shares	35,000,000	35,000,000
Earnings per share for the period (basic and diluted)	0.03	0.04

12. Balance and Transactions with Related Parties

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

June 30, 2018	Executive Management	Company's Employees	Other Related Parties **	Total
Condensed Interim Consolidated Statement of Financial Position Items	JD	JD	JD	JD
Account receivable from financing activities-net *	26,367	165,412	-	191,779
Customers' investments accounts	142,000	-	7,551,187	7,693,187
Condensed Interim consolidated Income Statement Items for the Six Months Ended June 30, 2018				
Revenue from financing activities	1,352	16,182	-	17,534
Investment accounts owners' share from revenue	1,852	-	141,744	143,596
December 31, 2017				
Consolidated Statement of Financial Position Items				
Account receivable from financing activities *	29,601	176,532	-	206,133
Customers' investments accounts	-	-	4,600,000	4,600,000
Condensed Interim Income Statement Items for the Six Months Ended June 30, 2017				
Revenue from financing activities	2,477	20,026	-	22,503
Investment accounts owners' share from revenue	-	-	100,271	100,271

* Net after deducting unearned revenue.

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

- The salaries and other remunerations of executive management amounted to JD 210,260 during the Six months ended on June 30, 2018 (JD 164,627 during the six months ended on June 30, 2017).

13. Information on the Company's Business Segment

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

2. Investment activities
   Includes the investments in different financial instruments

The following table shows revenue allocation between these two segments:

			Total	
			For the Six Months Ended June 30,	
	Financing	Investing	2018	2017
	JD	JD	JD	JD
Total profit	3,024,508	242,105	3,266,613	2,614,462
Investment accounts owners' share from revenue	326,243	-	(326,243)	(166,311)
Un-distributed revenue			400,592	427,300
Un-distributed expenses			(911,204)	(888,798)
Provision for accounts receivable			(1,082,500)	-
Income tax expense			(329,199)	(475,616)
Profit for the Period			1,018,059	1,511,037

	Financing	Investing	June 30, 2018	December 31, 2016
Other Information	JD	JD	JD	JD
Assets of the sectors	56,842,798	5,904,243	62,747,041	58,166,510
Un-distributed assets			6,067,609	6,831,966
Total			68,814,650	64,998,476
Liabilities of the sectors	13,406,647	-	13,406,647	10,384,223
Un-distributed liabilities			5,044,347	3,941,629
Total			18,450,994	14,325,852

14. Contingent Liabilities

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

	June 30, 2018	December 31, 2017
	JD	JD
Letter of credit *	33,583	130,994
Banks letters of guarantee	303,500	687,300
Less: refundable deposits	(303,500)	(643,230)
	33,583	175,064

* In additions to the above mentioned, there is a credit ceiling for the benefit of the Company's customers of JD 1.5 million at Jordan Kuwait Bank and of JD 1.25 million at Al-Rajhi Bank.

There are cash margins approximately JD 303,500 which are related to the above commitments as of June 30, 2018 (JD 643,230 as of December 31, 2017).

15. Lawsuits

There are no lawsuits raised against the Company as of June 30, 2018 (15,850 as of December 31, 2017).

The Company raised several legal cases against its defaulting customers. These legal cases amounted to approximately JD 13,018,825 as of June 30, 2018 (JD 12,856,925 as of December 31, 2017). However, several lawsuits have been closed by a court resolutions in favor of the Company during the year and some of these receivables have been written-off during the period (Note (5)).

16. Distributed Dividends

In its ordinary meeting held on April 26, 2018, the General Assembly has approved the Board of Directors' recommendation to distribute JD 1.4 million, which is equivalent to 4% from the share capital of JD 35 million (JD 2.1 million for last year).

17. 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 (evaluation methods and inputs used).

Financial Assets	Fair Value		The Level of	Evaluation Method	Important Intangible	Relation between Fair Value
	June 30, 2018	December 31, 2017	Fair Value	and Inputs Used	Inputs	and Important Intangible Inputs
	JD	JD				
Financial Assets at Fair Value through Profit or Loss:						
Quoted shares	55,237	68,859	Level One	Average market value	Not applicable	Not applicable
Financial Assets at Fair Value through other comprehensive income:						
Quoted shares	5,207,758	4,038,975	Level One	Average market value	Not applicable	Not applicable
Unquoted shares	641,248	1,632,026	Level Two	Equity Method based on the latest audited financial statements	Not applicable	Not applicable
Total Financial Assets at Fair value	5,904,243	5,739,860				

There are no transfers between level one and two during the six month period ended June 30, 2018 and the year 2017.

B -The fair value of the financial assets and financial liabilities of the Company (non-specific fair value on an ongoing basis):

We believe that the carrying amount of financial assets and liabilities shown in the condensed interim financial statements of the Company approximates their fair value .