



بورصة عمان
السيد
السيد
٢٠٢٠/٦/١٤

الشركة المتحدة للاستثمارات المالية م.ع.م.
United Financial Investments PLC

الرقم: ١٢١/٢٠٢٠ / أ د / ١

التاريخ: ٢٠٢٠/٦/١٤



السادة هيئة الأوراق المالية المحترمين

الموضوع: البيانات المالية السنوية المدققة

للسنة المنتهية في ٢٠١٩/١٢/٣١

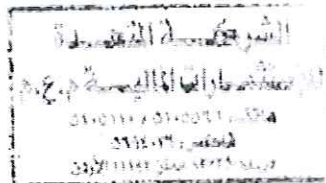
تحية طيبة وبعد...

إشارة إلى قرار هيئة الأوراق المالية الصادرة بتاريخ ٢٠١٧/١/٢٤ بالزام الشركات المساهمة العامة وصناديق الاستثمار المشترك والجهات المصدرة للأوراق المالية بالافصاح عن بياناتها المالية وغير المالية باللغتين العربية والانجليزية اعتبارا من ٢٠١٧/٢/١ نرفق لكم طيه القوائم المالية باللغة الانجليزية للسنة المنتهية ٢٠١٩/١٢/٣١ مع تقرير مدقق الحسابات المستقل

For: Jordan Securities Commission Amman Stock Exchange	السادة هيئة الأوراق المالية السادة بورصة عمان السادة مركز ايداع الأوراق المالية التاريخ: ٢٠٢٠/٦/١٤
Date: 14/6/2020	الموضوع: البيانات المالية السنوية المدققة للسنة المنتية في ٢٠١٩/١٢/٣١
Subject: Audited Financial Statements for the fiscal year ended 31/12/2019	مرفق طيه نسخة من البيانات المالية المدققة لشركة (المتحدة للاستثمارات المالية) عن السنة المالية المنتية في ٢٠١٩/١٢/٣١
Attached the Audited Financial Statements of (United Financial Investment) for the fiscal year ended 31/12/2019	وتفضلوا بقبول فائق الاحترام...
Kindly accept our high appreciation and respect	اسم شركة المتحدة للاستثمارات المالية
Company's Name United Financial Investment	توقيع المدير العام
General Manager's Signature	

وتفضلوا بقبول فائق الاحترام...

المدير العام
ناصر العمد



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

FINANCIAL STATEMENTS

31 DECEMBER 2019

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

FINANCIAL STATEMENTS

31 DECEMBER 2019

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11 - 35



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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Financial Investments Company (A Public Limited Shareholding Company) (later on the "Company") as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- Statement of financial position as at 31 December 2019;
- Statement of comprehensive income for the year then ended;
- Statement of changes in shareholder's equity for the year then ended;
- Statement of cash flows for the year then ended; and
- Notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Our audit approach

Overview

Key audit matter	Measurement of expected credit losses
------------------	---------------------------------------

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

We designed the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the Company's structure, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
<p>Measurement of expected credit losses</p> <p>As described in the accounting policy (2.10) and note number (4) "Critical accounting estimates and judgments", management calculates the provision for expected credit losses of financial brokerage customers and margin receivables in accordance with IFRS 9 "Financial Instruments" requirements which specifically relates to calculating the impairment in financial assets, this standard requires the use of forward-looking model (expected credit loss) instead of the 'incurred loss' model</p> <p>The expected credit loss model is implemented by the Company over all financial instruments measured at amortised cost.</p>	<p>We have performed the following procedures to assess the reasonableness of management's estimate in measuring the expected credit loss:</p> <ul style="list-style-type: none"> • Gained and understanding of the nature of the brokerage portfolio. • Assessed management's methodology in classifying and the method used in determining the recoverable amount from the mortgaged assets upon liquidation and expected cash flows. • Assessed estimates followed by the Company in identifying factors leading to increase in credit risk and classifying credit exposures within the different stages.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

<p>Expected credit loss model requires the use of estimates and judgements to estimate economic factors, and to place different probabilities through the process of calculating the probability of default, loss at default and exposure at default for each exposure (financed and not financed), future looking, and standards for staging.</p> <p>Due to the importance of these estimates and judgments, It is considered as significant risk, which might lead to material misstatement in the financial statements when available information and estimates are misused to determine the provision value.</p>	<ul style="list-style-type: none">• Use of our internal experts to assess the following aspects:<ol style="list-style-type: none">1. The conceptual framework used in developing the Company's impairment policy and its compliance with IFRS 9 requirements.2. The methodology of the expected credit loss model and the calculations used to calculate the probability of default, loss at default, and exposure at default of the Company's financial instruments categories.3. Reasonableness of the assumptions used in preparing the model framework, including the assumptions used to assess future scenarios and significant increase in credit risk.• Evaluated management's methodology used to determine the value of the provision as at 31 December 2019 and compared it with IFRS 9 requirements.• Tested a sample of customers to assess the accuracy of the classification of these customers according to the credit rating system used by the Company among the different stages.• Ensured completeness of the information used in calculating the expected credit loss model.• Recalculated provision for expected credit loss for a sample of customers in accordance with IFRS 9.
--	---



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises all other information included in the Company's annual report for the year 2019, (but does not include the financial statements and our auditors report therein), which is expected to be made available to us after the date of this auditor's report.

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

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

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

Responsibilities of directors and those charged with governance for the financial statements

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

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

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



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

Report on other legal and regulatory requirements

The Company maintains proper accounting records which are consistent, in all material aspects, with the accompanying financial statements. We recommend the General Assembly to approve them.

For and on behalf of PricewaterhouseCoopers "Jordan" L.L.C.


Hazem Sababa
License No. (802)

Amman, Jordan
1 March 2020



UNITED FINANCIAL INVESTMENTS COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	<u>Note</u>	<u>2019</u> <u>JD</u>	<u>2018</u> <u>JD</u>
Assets			
Non-current assets			
Property and equipment	5	361,345	391,751
Intangible assets		2,397	152
Seized assets	6	2,643,395	-
Deposits of settlement guarantee fund	25	248,000	49,000
Deferred tax assets	17	1,056,694	972,093
Investment in an associate	7	-	41,672
		<u>4,311,831</u>	<u>1,454,668</u>
Current Assets			
Financial assets at fair value through profit and loss	8	4,491,314	4,270,523
Net Receivables – Financial brokerage customers	9	903,095	2,913,858
Other debit balances	10	38,338	92,107
Cash on hand and at banks	11	1,886,087	1,856,447
		<u>7,318,834</u>	<u>9,132,935</u>
Total assets		<u>11,630,665</u>	<u>10,587,603</u>
Shareholder's equity and Liabilities			
Shareholder's equity			
Authorised and paid in capital	12	8,000,000	8,000,000
Statutory reserve	13	1,690,658	1,690,658
Voluntary reserve		40,873	40,873
Fair value reserve		(35,505)	(35,505)
Accumulated losses		(665,598)	(465,811)
Net shareholders' equity		<u>9,030,428</u>	<u>9,230,215</u>
Liabilities			
Current liabilities			
Due to banks	14	340,917	-
Due to related parties	23	2,290	41,328
Payables - financial brokerage customers	15	1,859,026	1,054,250
Other credit balances	16	339,098	177,331
Income tax provision	17	58,906	84,479
Total liabilities		<u>2,600,237</u>	<u>1,357,388</u>
Total shareholders' equity and liabilities		<u>11,630,665</u>	<u>10,587,603</u>

The accompanying notes from 1 to 25 form an integral part of these financial statements

UNITED FINANCIAL INVESTMENTS COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>Note</u>	<u>2019</u> <u>JD</u>	<u>2018</u> <u>JD</u>
Revenue			
Commission income from financial brokerage, net		491,621	1,957,668
Profit (losses) from revaluation of financial assets at fair value through profit and loss		196,774	(232,205)
Profit from sale of financial assets at fair value through profit and loss		50,168	19,611
Dividends income		4,112	-
Interest income		84,095	37,008
Other income		7,861	12,246
Total revenue		<u>834,631</u>	<u>1,794,328</u>
Expenses			
Employees' expenses	18	(635,908)	(789,000)
Administrative expenses	19	(238,533)	(394,853)
Impairment loss for investment in associate	7	(41,672)	-
Investors' protection fund expenses		(14)	(87,603)
Depreciation and amortization		(35,827)	(38,823)
Expected credit losses for brokerage customers and margin receivables - net	9	(165,054)	-
Interest expense		(4,251)	(6,175)
Total expenses		<u>(1,121,259)</u>	<u>(1,316,454)</u>
(Loss) income for the year before tax		<u>(286,628)</u>	<u>477,874</u>
Income tax	17	86,841	43,758
(Loss) income for the year		<u>(199,787)</u>	<u>521,632</u>
Add: other comprehensive income items		-	-
Total comprehensive (loss) income for the year		<u>(199,787)</u>	<u>521,632</u>
Basic and diluted earnings per share from (loss) or profit for the year			
	18	<u>(0.02)</u>	<u>0.07</u>

The accompanying notes from 1 to 25 form an integral part of these financial statements

**UNITED FINANCIAL INVESTMENTS COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Authorised and paid in capital JD	Statutory reserve JD	Voluntary reserve JD	Financial assets fair value reserve JD	Accumulated losses JD	Total shareholders' equity JD
2019						
Balance as at 1 January 2019	8,000,000	1,690,658	40,873	(35,505)	(465,811)	9,230,215
Total comprehensive loss for the year	-	-	-	-	(199,787)	(199,787)
Balance as at 31 December 2019	<u>8,000,000</u>	<u>1,690,658</u>	<u>40,873</u>	<u>(35,505)</u>	<u>(665,598)</u>	<u>9,030,428</u>
2018						
Balance as at 1 January 2018	8,000,000	1,642,871	40,873	(35,505)	(939,656)	8,708,583
Total comprehensive income for the year	-	-	-	-	521,632	521,632
Transfers to statutory reserve	-	47,787	-	-	(47,787)	-
Balance as at 31 December 2018	<u>8,000,000</u>	<u>1,690,658</u>	<u>40,873</u>	<u>(35,505)</u>	<u>(465,811)</u>	<u>9,230,215</u>

The accompanying notes from 1 to 25 form an integral part of these financial statements

UNITED FINANCIAL INVESTMENTS COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 JD	2018 JD
Operating activities		
(Loss) profit for the year before tax	(286,628)	477,874
Adjustments		
Depreciation and amortization	35,827	38,824
Losses on valuation of financial assets at fair value through profit and loss	(196,774)	232,205
Expected credit losses for brokerage customers and margin receivables - net	180,054	-
Reversed from expected credit losses for brokerage customers and margin receivables - net	(15,000)	-
Profit on sale of financial assets at fair value through profit and loss	(50,168)	(19,611)
Dividends income	(4,112)	-
Interest expense	4,251	6,175
Interest income	(84,095)	(37,008)
Impairment loss for investment in associate	41,672	
Change in working capital items		
Financial assets at fair value through profit and loss	26,151	(167,258)
Receivables - financial brokerage customers	(797,686)	(254,301)
Deposits of settlement guarantee fund	(199,000)	(24,000)
Other debit balances	53,769	(11,969)
Due to related parties	(39,038)	19,641
Payables - financial brokerage customers	804,776	(145,249)
Other credit balances	161,767	141,767
Net cash (used in) from operating activities before income tax paid	(364,234)	257,090
Income tax paid	(23,333)	-
Net cash (used in) from operating activities	(387,567)	257,090
Investing activities		
Purchase of property and equipment	(4,997)	(10,855)
Purchase of intangible assets	(2,669)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	4,112	-
Interest income received	84,095	37,008
Net cash flows from investing activities	80,541	26,153
Financing activities		
Interest paid	(4,251)	(6,175)
Net cash flows used in financing activities	(4,251)	(6,175)
Net change in cash and cash equivalents	(311,277)	277,068
Cash and cash equivalents at 1 January	1,856,447	1,579,379
Cash and cash equivalents at 31 December	1,545,170	1,856,447
Non-cash transactions		
Seized assets	2,643,395	-

The accompanying notes from 1 to 25 form an integral part of these financial statements

(1) GENERAL INFORMATION

United Financial Investments Company (the "Company") was established as a public limited shareholding company, under the registration no. (297) on 8 October 1995, according to the Companies Law with a share capital of JD 1,500,000 divided into 1,500,000 shares of JD 1 each. The Company's paid in capital was increased subsequently, the last of which was during 2010. Accordingly, the Company's paid in capital has reached JD 8,000,000 at JD 1 par value for each share.

The Company is 50.21% owned by the Jordan Kuwait Bank.

The Company's head office is located in Amman, Shmeisani - Abdul Aziz Al Th'albi Street, P.O. Box 927250 - Amman 11192, the Hashemite Kingdom of Jordan.

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

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

The financial statements were approved by the Board of Directors on 4 February 2020.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements of United Financial Investments Company (A Public Limited Shareholding Company) have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as issued by the International Accounting Standards Board (IASB).

The Jordanian Dinar is the Company's presentation currency, which is the also the functional currency of the Company.

The financial statements have been prepared in accordance with the historical cost convention, except for the financial assets at fair value through the statement of income and comprehensive income, which are recognised at fair value at the date of the financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in (note 4).

2.2 Changes in accounting policies and disclosures

a. New and amended standards and interpretations issued and adopted by the Company for the financial year beginning on 1 January 2019, which do not have a significant impact on the financial statements:

- Amendment to IFRS 9 "Financial instruments"

On prepayment features with negative compensation and modification of financial liabilities - This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss.

- IFRIC 23 "Uncertainty over Income Tax Treatments"

The interpretation addresses the determination of taxable profit (tax loss) tax bases, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities
- The determination of taxable profit (tax loss), tax bases, unused tax losses, and tax rates
- The effect of changes in facts and circumstances

- IFRS 16, "Leases"

Nature of change: IFRS 16 was issued in January 2016. The standard recognised all leases in the statement of financial position, where the distinction between operating and financing leases is removed. Under this standard, the asset (the right to use the leased item) and the financial liability for lease payments will be recognised except for short-term and low-value leases. With respect to accounting of lessors, there is no significant change.

Impact: The Company does not have any leased assets or leasing contracts as of 1 January 2019 and 31 December 2019.

Mandatory date of application: Mandatory for financial years beginning on or after 1 January 2019.

b. New and amended standards and interpretations issued but not effective for the financial year beginning on 1 January 2019 and have not been early adopted by the Company:

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the company.

New amended standards and interpretations

Effective for
years starting
on or later
1 January
2020

Amendment to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'

These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries

Definition of Material – Amendments to IAS 1 and IAS 8-

1 January
2020

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and subsequent amendments for reports. In particular, the amendments clarify: (1) using a consistent definition of materiality for all international financial reporting standards and conceptual framework for financial reports, (2) clarify the definition of materiality, (3) including instructions to IAS 1 about immaterial information

Definition of a Business – Amendments to IFRS 3

1 January
2020

To clarify the definition of a business. According to comments received by IASB, the current regulations are complicated and will lead to a large number of classified treatments as business combination.

2.3 Foreign currency translation

a. Functional and presentation currency

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

b. Transactions and balances

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

2.4 Property and equipment

Property and equipment are shown at historical cost, less accumulated depreciations. Historical cost includes expenses related to the acquisition of property and equipment.

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

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

	%
Building	2
Furniture and fixtures	20
Decorations	20
Office equipment	20
Computers	35
Vehicles	15
Intangible Assets	50

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

An asset's book value is written down to its recoverable amount if the asset's net book value is greater than its recoverable amount, and the decrease is recognised in the statement of income (Note 2.5).

Gains or losses on property, plant and equipment disposals are determined by comparing the proceeds with the amount included and are recognised in the statement of comprehensive income.

2.5 Intangible assets

Intangible assets with definite lifetime are recorded at cost minus accumulated amortization. Intangible assets that are internally developed are not being capitalized while it is recorded to the income statement during the period it's incurred.

2.6 Impairment of non-financial assets

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

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

2.7 Investment in an associate

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

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

2.8 Financial assets at fair value through the statement of income

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

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

2.9 Financial assets at fair value through the statement of comprehensive income

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

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

Dividends are recognised in the statement of income.

2.10 Financial assets

Initial recognition of measurement:

Financial assets and financial liabilities are recognised in the statement of financial position of the Company when the Company becomes a party to the contractual provisions of the instrument and loans and advances to customers are recognised if they are credited to the customers' account.

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

Transaction costs that are directly related to the acquisition of financial assets or financial liabilities at fair value through the statement of income are recognised directly in the statement of income.

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

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, the difference is recognised in the statement of income on initial recognition (i.e. profit or loss on the first day).
- In all other cases, the fair value is adjusted to align with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

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

Initial recognition

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

Subsequent measurement:

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

Specifically:

- Financing instruments held in the business model that aims to collect contractual cash flows, and which have contractual cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, and are subsequently measured at amortised cost;
- Financing instruments held within the business model that aim to both collect contractual cash flows and sell debt instruments, which have contractual cash flows, are SPPI on the principal amount outstanding, and are subsequently measured at fair value through other comprehensive income;
- All other financing instruments (such as debt instruments managed on fair value basis, or held for sale), and equity investments are subsequently measured at fair value through the statement of income.

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

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

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

Debts instruments are subjected to impairment testing.

Expected credit losses

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

- Balances with banks
- Receivables for brokerage customers

Impairment loss is not recognised on equity instruments.

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

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that can be realised within 12 months after the reporting date, referred to in Stage 1; or
- 12-month ECL, i.e. lifetime ECL that result from those possible default events over the age of the financial instrument, referred to in Stage 2 and Stage 3.

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

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

2.11 Cash and cash equivalents

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

2.12 Fair value of financial assets

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

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

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

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

2.13 Payables – Financial brokerage customers

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

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

2.14 Bank overdraft

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

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

2.15 Seized assets

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

2.16 Revenue and expenses recognition

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

Interest revenues and expenses are recognised on accrual basis.

Expenses are recognised on accrual basis.

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

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

2.17 Provisions

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

2.18 Income tax

Tax expenses represent amounts of tax payable.

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

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

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

2.19 Employee benefits

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

2.20 Deposits of settlement guarantee fund

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

2.21 Financial instruments by category

	2019 JD	2018 JD
Assets as per the statement of financial position and receivables		
Deposits of settlement guarantee fund	248,000	49,000
Receivables - financial brokerage customers - net	903,095	2,913,858
Other debit balances (excluding prepayments)	6,664	47,360
Financial assets at fair value through profit or loss	4,491,314	4,270,523
Cash on hand and at banks	1,886,087	1,856,447
	<u>7,535,160</u>	<u>9,088,188</u>
Liabilities as per the statement of financial position		
Financial liabilities at amortised cost		
Due to banks	340,917	-
Due to related parties	2,290	41,328
Payables of financial brokerage clients	1,859,026	1,054,250
Other credit balances	63,476	38,711
	<u>2,265,709</u>	<u>1,134,289</u>

(3) RISK MANAGEMENT

3.1 Financial risk factors

The Company activities expose it to a variety of financial risks: market risk (including interest rate risk & market risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on minimise potential adverse effects on the Company's financial performance.

(a) Market risk

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

UNITED FINANCIAL INVESTMENTS COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

- Foreign currency risk

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

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

- Interest rate risk

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

Currency	Increase in interest rate %	Impact of loss after tax JD
2019		
Jordanian Dinar	1	(3,409)
2018		
Jordanian Dinar	1	-

- Stock prices

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

	Change in price	2019 JD	2018 JD
Impact on profit and loss	5%	224,566	213,526

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

(b) Credit risk

Financial assets that are subject to credit risk are limited to cash at banks and receivables and other debit balances. The Company only deals with financial institutions of high credit solvency. The Company has a policy for limiting the value exposed to credit risk at a single financial institution. Utilised credit limits are monitored on a regular basis.

	Rating	2019 JD	2018 JD
Jordan Kuwait Bank	B+	1,885,644	1,329,514
Invest Bank	BB	-	502,050
		1,885,644	1,831,564

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial commitments.

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

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

	Less than 1 year <hr/> JD
As at 31 December 2019	
Due to banks	356,258
Due to related parties	2,290
Payables - financial brokerage customers	1,859,026
Other credit balances	63,476
 As at 31 December 2018	
Due to related parties	41,328
Payables - financial brokerage clients	1,054,250
Other credit balances	38,711

3.2 Capital risk management

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

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

Gearing ratio was not calculated as of 31 December 2019 and 2018 as cash on hand and at banks exceeded the bank overdraft.

(4) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

(a) Provision for expected credit losses of financial brokerage customers and margin receivables

Provision for impairment of financial assets is based on assumptions about risk of defaults and the expected loss ratios. The Company uses judgements in setting those assumptions and determining the inputs for calculating the impairment amount based on the previous history of the Company and current market situations, and future expectations at the end of each reporting period.

(b) Income tax

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

UNITED FINANCIAL INVESTMENT COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(5) PROPERTY AND EQUIPMENT

	Lands and buildings JD	Furniture and fixtures JD	Decorations JD	Office equipment's JD	Computers JD	Vehicles JD	Total JD
2019							
Cost							
1 January 2019	466,906	58,860	97,249	189,205	129,084	119,992	1,061,296
Additions	-	765	-	920	3,312	-	4,997
Disposals	-	-	-	(1,960)	-	-	(1,960)
31 December 2019	<u>466,906</u>	<u>59,625</u>	<u>97,249</u>	<u>188,165</u>	<u>132,396</u>	<u>119,992</u>	<u>1,064,333</u>
Accumulated depreciation							
1 January 2019	124,881	57,570	94,471	153,807	122,838	115,978	669,545
Depreciation expense	9,338	1,104	762	17,238	4,127	2,834	35,403
Related to disposals	-	-	-	(1,960)	-	-	(1,960)
31 December 2019	<u>134,219</u>	<u>58,674</u>	<u>95,233</u>	<u>169,085</u>	<u>126,965</u>	<u>118,812</u>	<u>702,988</u>
Net book value at							
31 December 2019	<u>332,687</u>	<u>951</u>	<u>2,016</u>	<u>19,080</u>	<u>5,431</u>	<u>1,180</u>	<u>361,345</u>

The fully depreciated property and equipment amounted to JD 473,429 as of 31 December 2019.

UNITED FINANCIAL INVESTMENT COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

2018	Lands and buildings	Furniture and fixtures	Decorations	Office equipment's	Computers	Vehicles	Total
Cost	JD	JD	JD	JD	JD	JD	JD
1 January 2018	466,906	58,105	97,249	184,113	124,076	119,992	1,050,441
Additions	-	755	-	5,092	5,008	-	10,855
31 December 2018	466,906	58,860	97,249	189,205	129,084	119,992	1,061,296
Accumulated depreciation							
1 January 2018	115,543	56,832	93,816	136,785	119,018	109,366	631,360
Depreciation expense	9,338	738	655	17,022	3,820	6,612	38,185
31 December 2018	124,881	57,570	94,471	153,807	122,838	115,978	669,545
Net book value at							
31 December 2018	342,025	1,290	2,778	35,398	6,246	4,014	391,751

**UNITED FINANCIAL INVESTMENT COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019**

(6) SEIZED ASSETS

Below is the movement on seized assets account:

	<u>2019</u> JD	<u>2018</u> JD
Cost		
Balance at 1 January	-	-
Additions during the year	2,643,395	-
Balance at 31 December	<u>2,643,395</u>	<u>-</u>

During the meeting held on 1 December 2019, the board of directors decided to acquire an asset against loans. The Company valued the asset by appointing several independent appraisers.

(7) INVESTMENT IN AN ASSOCIATE

	<u>2019</u> JD	<u>2018</u> JD
Investment in Global One for Financial Investments* (Syria)	-	41,672

* The Company's management recognised impairment losses for the total investment amount due to the turbulent political situation in Syria.

(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	<u>2019</u> JD	<u>2018</u> JD
Shares traded at Amman Stock Exchange	4,294,540	4,502,728
Change in fair value	196,774	(232,205)
	<u>4,491,314</u>	<u>4,270,523</u>

The above financial assets are stated at fair value.

(9) RECEIVABLES - FINANCIAL BROKERAGE CUSTOMERS - NET

	<u>2019</u> JD	<u>2018</u> JD
Receivables of financial brokerage customers	1,588,778	2,936,341
Receivables of margin trading customers*	989,747	1,459,197
Securities Depository Centre 's receivables	-	31,289
	<u>2,578,525</u>	<u>4,426,827</u>
Provision for impairment of financial brokerage customers and margin receivables	(1,508,988)	(1,346,527)
Interest in suspense	(166,442)	(166,442)
Receivables - financial brokerage customers - net	<u>903,095</u>	<u>2,913,858</u>

UNITED FINANCIAL INVESTMENT COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

* The Company grants facilities to customers up to a maximum of 50% of initial margin of the market value of securities on the date of purchase provided that this percentage is not less than 30% of (maintenance margin) of the customer's investment value as per marginal financing instructions for the year 2006 issued by the Jordan Securities Commission with interest up to 9% with a guarantee of financing investments, and reviewed on a periodic basis. The details as at 31 December 2019 are as follows:

- The total market value of the portfolios is JD 673,987 (2018: JD 1,434,893).
- The total funded by the company is JD 45,325 (2018: JD 499,774).
- Total funded by customers (security margin) JD 628,662 (2018: JD 935,118).
- The percentage of amounts funded by customers to the total market value of the portfolios is 93% (2018: 65%).

Total due accounts receivable as follows:

	2019 JD	2018 JD
Receivables - brokerage customers		
1 – 7 days	125,003	185,913
8 – 30 days	899,810	2,018,627
31 – 60 days	48,188	199,921
61 – 90 days	9	2,931
91 – 120 days	9,686	26,530
Over 120 days	506,082	502,419
	<u>1,588,778</u>	<u>2,936,341</u>
Receivables of margin trading customers	989,747	1,459,197
Securities Depository Centre 's receivables	-	31,289
	<u>2,578,525</u>	<u>4,426,827</u>

The movement of provision for impairment of financial brokerage customer during the year is as follows:

	2019 JD	2018 JD
Balance as at 1 January	1,346,527	1,346,527
Provision provided during the year	180,054	-
Debts written off	(2,593)	-
Reversed from provision during the year	(15,000)	-
Balance as at 31 December	<u>1,508,988</u>	<u>1,346,527</u>

Receivables include concentration risk as the biggest five receivables comprising 77% (2018: 65%) of the net balances of receivables.

**UNITED FINANCIAL INVESTMENT COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019**

Details of the provision in accordance with IFRS (9) was as follows

	<u>2019</u> JD	<u>2018</u> JD
Stage (1)	177	76
Stage (2)	2,654	3,665
Stage (3)	<u>1,506,157</u>	<u>1,342,786</u>
	<u>1,508,988</u>	<u>1,346,527</u>

(10) OTHER DEBIT BALANCES

	<u>2019</u> JD	<u>2018</u> JD
Employees' receivables	2,909	43,595
Prepaid expenses	31,674	44,747
Refundable deposits	3,755	3,755
Other	-	10
	<u>38,338</u>	<u>92,107</u>

(11) CASH ON HAND AND AT BANKS

	<u>2019</u> JD	<u>2018</u> JD
Cash on hand	443	24,883
Cash at banks	<u>1,885,644</u>	<u>1,831,564</u>
	<u>1,886,087</u>	<u>1,856,447</u>

For the purpose of the statement of cash flows, cash and cash equivalents represents the following:

	<u>2019</u> JD	<u>2018</u> JD
Cash on hand and banks	1,886,087	1,354,397
Deposits	-	502,050
Bank overdraft	<u>(340,917)</u>	<u>-</u>
	<u>1,545,170</u>	<u>1,856,447</u>

(12) AUTHORIZED AND PAID-IN CAPITAL

The authorized and paid in capital of the Company is JD 8,000,000 divided into 8,000,000 with a par value of JD 1 per share as at 31 December 2019 and 2018.

The Company is 50.21% owned by the Jordan Kuwait Bank.

UNITED FINANCIAL INVESTMENT COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(13) STATUTORY RESERVE

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

(14) DUE TO BANK

The Company is granted short term facilities from local banks with a ceiling up to JD 250,000 as of 31 December 2019. Those facilities are granted to the Company by Jordan Kuwait Bank (Parent Company) and subject to interest rates in local market, where the average interest rate was 9% during the year.

(15) PAYABLES - FINANCIAL BROKERAGE CUSTOMERS

	<u>2019</u>	<u>2018</u>
	JD	JD
Due to financial brokerage services customers	<u>1,859,026</u>	<u>1,054,250</u>

* The above payables are non-interest bearing.

(16) OTHER CREDIT BALANCES

	<u>2019</u>	<u>2018</u>
	JD	JD
Shareholders' deposits	24,641	24,641
End of service provision	269,413	138,620
Accrued expenses	33,371	9,000
Employees income tax deposits	6,209	
Customers' deposits	1,517	1,517
Other	3,947	3,553
	<u>339,098</u>	<u>177,331</u>

(17) INCOME TAX

	<u>2019</u>	<u>2018</u>
	JD	JD
At 1 January	84,479	61,146
Income tax paid	(23,333)	-
Surplus	(2,240)	23,333
At 31 December	<u>58,906</u>	<u>84,479</u>

UNITED FINANCIAL INVESTMENT COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

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

	2019 JD	2018 JD
Surplus from profit for the year	2,240	23,333
Deferred tax assets	84,601	(67,091)
	<u>86,841</u>	<u>(43,758)</u>

Accounting profit reconciliation against tax profit is summarised as follows:

	2019 JD	2018 JD
Accounting profit	(286,628)	477,874
Non-deductible expenses	415,992	339,422
Non-taxable profits	(276,949)	(112,289)
Less: accumulated losses	-	(604,652)
Taxable profit	<u>(147,585)</u>	<u>100,355</u>
Statutory tax rate	%28	24%
Income tax for the year	-	24,085
Offset income tax deducted from interest	<u>(2,240)</u>	<u>(752)</u>
Surplus tax on the year's profit	<u>(2,240)</u>	<u>23,333</u>
Effective tax rate	-	6%

Deferred tax assets resulted from the following:

	2019			2018		
	Balance at the beginning of the year JD	Additions JD	Released amounts JD	Balance at the end of the year JD	Deferred tax JD	Deferred tax JD
Provision for doubtful debts	1,346,527	177,461	(15,000)	1,508,988	422,517	323,166
Losses from valuation of financial assets at fair value through profit or loss - inside the Kingdom	2,196,220	-	(200,713)	1,995,507	558,742	534,308
Losses from valuation of financial assets at fair value through other comprehensive income	243,191	-	(243,191)	-	-	24,319
Losses from valuation of investment in associates	514,862	-	(514,862)	-	-	51,486
End of service provision	138,620	191,025	(60,232)	269,413	75,436	38,814
	<u>4,439,420</u>	<u>368,486</u>	<u>(1,033,998)</u>	<u>3,773,908</u>	<u>1,056,695</u>	<u>972,093</u>

UNITED FINANCIAL INVESTMENT COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

The movement on deferred tax assets is as follows:

	2019	2018
	JD	JD
At 1 January	972,093	905,002
Additions	237,672	94,813
(Released) during the year	(153,070)	(27,722)
At 31 December	1,056,695	972,093

A final clearance has been obtained from the Income and Sales Tax Department until the year 2014. The Company submitted the income tax return for 2016, 2017 and 2018 on the date specified by law in which they were not yet reviewed by tax authorities. Management and the tax advisor believe that the Company will not have any tax obligations exceeding the appropriation booked at 31 December 2019.

(18) EMPLOYEES EXPENSES

	2019	2018
	JD	JD
Salaries and employees' benefits	351,429	440,456
Employees end of service expenses	191,025	138,620
Bonuses	-	88,752
Social security	40,532	51,779
Leave allowance	30,013	30,855
Health insurance	18,133	19,804
Company's contribution in Saving Fund	-	13,789
Other bonuses	4,200	3,000
Training expenses	576	1,945
	635,908	789,000

The Company was subject to income tax of 28% for the year 2019 in accordance with tax law no 38 of 2018 and 24% for the year 2018.

UNITED FINANCIAL INVESTMENT COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(19) ADMINISTRATIVE EXPENSES

	<u>2019</u>	<u>2018</u>
	JD	JD
Professional fees	66,271	72,366
Board of directors' remunerations	56,279	23,068
Subscription	21,786	19,436
Maintenance expenses	19,227	11,083
Post, telephone and internet	11,935	18,273
Amman stock exchange commissions	7,207	169,593
Transportation	6,811	10,641
Fees and licenses of financial brokerage	6,543	599
Vehicles expenses	5,574	6,495
Bank charges	4,963	2,915
Advertisement	2,009	5,519
Annual report expenses	1,296	1,585
Hospitality	1,093	1,938
Stationary	1,016	790
Water, electricity and heating	779	1,014
Cleaning	303	943
Others	25,441	48,595
	<u>238,533</u>	<u>394,853</u>

(20) BASIC AND DILUTED EARNINGS PER SHARE FROM PROFIT FOR THE YEAR

	<u>2019</u>	<u>2018</u>
	JD	JD
Profit for the year	<u>(199,787)</u>	<u>521,632</u>
Weighted average number of shares during the for the year	<u>8,000,000</u>	<u>8,000,000</u>
	<u>JD/ Share</u>	<u>JD/ Share</u>
Earnings per share for the year	<u>(0.02)</u>	<u>0.07</u>

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

UNITED FINANCIAL INVESTMENT COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(21) SEGMENTS ANALYSIS

	Inside the Kingdom		Outside the Kingdom		Total	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Net Profit	834,631	1,794,328	-	-	834,631	1,794,328
Total expenses	(1,121,259)	(1,316,454)	-	-	(1,121,259)	(1,316,454)
Profit for the year before tax	(286,628)	477,874	-	-	(286,628)	477,874
Income tax					86,841	43,758
Profit for the year					(199,787)	521,632

	Inside the Kingdom		Outside the Kingdom		Total	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Assets	11,630,665	10,545,931	-	41,672	11,630,665	10,587,603
Liabilities	2,600,237	1,357,388	-	-	2,600,237	1,357,388

**UNITED FINANCIAL INVESTMENTS COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019**

(22) FAIR VALUE HIERARCHY

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

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

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

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

	Level 1 JD	Level 2 JD	Level 3 JD	Total JD
31 December 2019				
Financial assets at fair value through profit or loss	2,293,190	2,198,124	-	4,491,314
31 December 2018				
Financial assets at fair value through profit or loss	2,072,399	2,198,124	-	4,270,523

The fair value of financial instruments not included in the statement of financial position are not significantly different from their carrying values included in the financial statements. Fair value of customers' receivables stated at amortised cost is not significantly different from the carrying value stated in the financial Statements.

(21) RELATED PARTIES

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

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

Balances with related parties are as follows:

	2019 JD	2018 JD
Due to related parties		
Bank overdraft (Jordan Kuwait Bank) (note 14)	340,917	-
Management and Board members	2,290	41,328
Due from related parties		
Current accounts (Jordan Kuwait Bank) (note 11)	1,885,644	1,329,514

UNITED FINANCIAL INVESTMENTS COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

The following transactions were carried out with related parties:

	<u>2019</u>	<u>2018</u>
	JD	JD
Revenues from related parties		
Jordan Kuwait Bank (Parent)	23,327	18,810
Executive management	10,200	16,070
Board of directors	2,284	4,764
	<u>35,811</u>	<u>39,644</u>
Related parties expenses		
Jordan Kuwait Bank (Parent)	9,460	9,134
Executive management	168,954	289,067
Board of directors	52,250	23,068
	<u>230,664</u>	<u>321,269</u>

- Salaries, bonuses and benefits of senior executive management of the Company amounted to JD 168,954 for the year ended 31 December 2019 (JD 289,067: 31 December 2018).

(24) CONTINGENT LIABILITIES

As at 31 December, the Company has contingent liabilities that may arise in the ordinary course of business, which include bank guarantees provided by Jordan Kuwait Bank (Parent) amounting to JD 851,000 (31 December 2018: JD 733,180).

(25) DEPOSITS OF SETTLEMENT GUARANTEE FUND

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

	<u>2019</u>	<u>2018</u>
	JD	JD
Deposits of settlement guarantee fund	<u>248,000</u>	<u>49,000</u>