First Finance Company
Public shareholding company
Amman - The Hashemite Kingdom of Jordan

Consolidated financial statements
As of December 31, 2021

First Finance Company
Public shareholding company
Amman - The Hashemite Kingdom of Jordan

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Independent Auditors' Report

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To the Shareholders of

First Finance Company

Public Shareholding Company

Amman- The Hashemite Kingdom of Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the Accompanying consolidated financial statements of **First Finance Company (Public Shareholding Company)**, which comprise the statement of consolidated financial position as at December 31, 2021, and the statements of consolidated comprehensive income, consolidated changes in owner's equity and consolidated cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) .

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 consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

Without qualified, as stated in Note No. (8) about the attached consolidated financial statements, accounts receivable - financing activities as on December 31, 2021 include investment plots of land worth JD 3,995,458 that are not registered in the name of the company, but are registered in the name of persons under an agreement and in the name of related party. The company's ownership of these lands is proven through first-class mortgage bonds in favor of First Finance Company.

Other matter

The company's consolidated financial statements as on December 31, 2020 were audited by another auditor, who issued an unqualified report on it on March 31, 2021.

P.O.Box 850103
Amman 11185 Jordan
Tel.: +962 6 5855099
Fax: +962 6 5866099

الأردن - عمان - الصويفية - شارع الوكالات - غداف سنتر- مبنى ١٥ - الطابق الأول
Jordan - Amman - Swafih - Al-Wakalat St. - Godaf Center - Building N. 15 - First Floor

صندوق بريد ٨٥٠١٠٣
عمان ١١١٨٥ الأردن
هاتف: ٥٨٥٥٠٩٩ ٦ ٩٦٢+
فاكس: ٥٨٦٦٠٩٩ ٦ ٩٦٢+

Key Audit Matters

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

• Provision of expected credit losses

Due to the discretionary nature in the process of calculating the provision for expected credit losses and the importance of the judgments and assumptions used in classifying the receivables from financing activities in the various stages stipulated in International Financial Reporting Standard No. (9) and determining the requirements of the relevant provisions, so this topic was considered an audit matter important.

The receivables from financing activities, after deducting the unrealized returns, amounted to 50,529,663 dinars, and a provision for expected credit losses of 18,771,380 dinars was calculated as of December 31, 2021.

The disclosures related to the allowance for expected credit losses are set out in Note No. (7) on the financial statements.

The audit procedures included the:

- Studying the appropriateness of the approach to applying IFRS 9, financial instruments, and practical methods applied to determine the provisions against exposures classified as within the stages (first, second and third), and we evaluated the reasonableness of the basic assumptions and the adequacy of the data used From the company.
- Verify the suitability of the company's determination of the significant increase in credit risk and the basis resulting from the classification of exposures into different stages, and verify a sample of exposures on the appropriateness of determining the exposure when a default occurs and the probability of a default and loss in the event of default. In repayment, used in calculating expected credit losses.
- Verify the correctness of the completeness of receivables from financing activities included in the calculations of expected credit losses, and examine a sample of receivables from financing activities for exposures that have been individually identified for impairment and classified under stage (3) and management's estimate of future cash flows and assess its reasonableness.
- Reviewing the adequacy of the company's disclosures about the allowance for expected credit losses, note (7), as well as the disclosure of accounting policies and estimates about the allowance for expected credit losses in note (5) about the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon. We expected that we will give the annual report after our report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when its available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is

necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

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

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or

conditions may cause the Company to cease to continue as a going concern.

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

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

The Company has proper accounting records which are, in all material respects, consistent with the accompanying consolidated financial statements, accordingly, we recommend approving these consolidated financial statements by the general assembly .

Obeidat & alsalih

Nabil M. Obeidat
License 877

Obeidat & Alsaleh
Certified Public Accountants

Amman in
March 20, 2022

First Finance Company

Public shareholding company

Amman - The Hashemite Kingdom of Jordan

Statement of consolidated financial position

As of December 31, 2021

	Note	2021	2020
Assets		JD	JD
Cash on hand and at banks	6	1,955,525	2,726,565
Accounts receivable from financing activities - net	7	29,524,149	35,610,022
Due from related parties - net	26 A	15,821	8,505
Financial assets at fair value through income statement	8	4,099,742	4,254,836
Other debit balances - net	9	4,641,699	4,596,471
Financial assets at fair value through comprehensive income st.	10	4,604,710	4,897,598
Deffered tax assets	11	5,729,644	5,789,250
Property, plant & equipments - net	12	239,767	248,541
Real-estate investments	13	386,937	71,770
Systems under construction	14	-	83,221
The right to use assets	15	686,642	821,315
Total assets		**51,884,636**	**59,108,094**
Owners' equity and liabilities			
Liabilities			
Customers' investing accounts	16	2,074,248	9,274,534
Income tax provision	17	300,726	202,038
Rent contracts' liabilities	15	739,580	861,637
Other credit balances	18	3,659,407	2,908,715
Total liabilities		**6,773,961**	**13,246,924**
Owners' equity			
Capital	19	35,000,000	35,000,000
Statutory reserve	19	3,702,005	3,554,085
Voluntary resrve	19	229,851	229,851
Fair value reserve	19	(1,213,612)	(1,003,917)
Retained earnings	19	7,392,431	8,081,151
Net owners' equity		**45,110,675**	**45,861,170**
Total owners' equity and liabilities		**51,884,636**	**59,108,094**

The accompanying notes form from (1) To (33) is an integral part of these statements

First Finance Company

Public shareholding company

Amman - The Hashemite Kingdom of Jordan

Statement of consolidatd comprehenisve income
for the year ended December 31, 2021

	Note	2021	2020
		JD	JD
Revenues			
Net financing revenues	20	2,191,595	2,405,127
Deduct: investing accounts' shares of revenues		(204,041)	(506,998)
Company's share of revenues		**1,987,554**	**1,898,129**
Dividends from financial assets at fair value through income		130,216	72,551
Unrealized gains from financial assets at fair value through income		-	800,906
Other revenues	21	539,463	568,349
Returned from expected credit losses provision	7	933,355	-
Total revenues		**3,590,588**	**3,339,935**
Expenses			
General & administrative expenses	22	(1,456,198)	(1,552,914)
Expected credit losses provision	7 , 9	(508,912)	(935,976)
Depreciaition	12	(87,076)	(121,310)
Unrealized (losses) from financial assets at fair value through income		(57,311)	-
Total expenses		**(2,109,497)**	**(2,610,200)**
Profit for the year before tax		**1,481,091**	**729,735**
Income tax	17	(510,971)	(188,668)
Profit for the year		**970,120**	**541,067**
Add: other comprehensive income items			
Net changes in fair value for financial assets through comprehensive income statement		(209,695)	125,400
Total comprehensive income for the year		**760,425**	**666,467**
		Fils/Dinar	**Fils/Dinar**
Basic and diluted earning per share	23	**0.028**	**0.015**

The accompanying notes form from (1) To (33) is an integral part of these statements

First Finance Company
Public shareholding company
Amman - The Hashemite Kingdom of Jordan
Statement of consolidated owners' equity
for the year ended December 31, 2021

Describtion	Capital	Statutory reserve	Voluntary reserve	Fair value reserve *	Reatained earnings**	Total
	JD	JD	JD	JD	JD	JD
For the year ended December 31, 2021						
Balance as of January 1, 2021	**35,000,000**	**3,554,085**	**229,851**	**(1,003,917)**	**8,081,151**	**45,861,170**
income tax for previous years	-	-	-	-	(1,555,982)	(1,555,982)
Prior years' revenues	-	-	-	-	45,062	45,062
Adjusted openning balances	**35,000,000**	**3,554,085**	**229,851**	**(1,003,917)**	**6,570,231**	**44,350,250**
Profit for the year after tax	-	-	-	-	970,120	970,120
Net changes in fair value for financial assets through comprehensive income statement	-	-	-	(209,695)	-	(209,695)
Total comprehensive income	**-**	**-**	**-**	**(209,695)**	**970,120**	**760,425**
Transferred to statutory reserve	-	147,920	-	-	(147,920)	-
Balance as of December 31, 2021	**35,000,000**	**3,702,005**	**229,851**	**(1,213,612)**	**7,392,431**	**45,110,675**
For the year ended December 31, 2020						
Balance as of January 1, 2020	**35,000,000**	**3,482,369**	**229,851**	**(1,129,317)**	**7,611,800**	**45,194,703**
Profit for the year after tax	-	-	-	-	541,067	541,067
Net changes in fair value for financial assets through comprehensive income statement	-	-	-	125,400	-	125,400
Total comprehensive income	**-**	**-**	**-**	**125,400**	**541,067**	**666,467**
Transferred to statutory reserve	-	71,716	-	-	(71,716)	-
Balance as of December 31, 2020	**35,000,000**	**3,554,085**	**229,851**	**(1,003,917)**	**8,081,151**	**45,861,170**

* In accordance with the instructions of Securities Commission , it is porhibited to dispose fair value reserve & Unrealized retained earnings through dividends to shareholders or capitalization or loss amortization or anything else .

** The retained earnings include an amount of JD **5,729,644**, the value of deferred tax assets as on **December 31, 2021** (JD **5,789,251** as on **December 31, 2020**), so it is prohibited to dispose of its balance in accordance with the instructions of the Securities Commission.

The accompanying notes form from (1) To (33) is an integral part of these statements

First Finance Company

Public shareholding company

Amman - The Hashemite Kingdom of Jordan

Statement of consolidated cash flows

for the year ended December 31, 2021

	Note	2021	2020
		JD	JD
Cash flows from operating activities			
Profit for the year before tax		1,481,091	729,735
Expected credit losses provision	7 ، 9	508,912	935,976
Returned from expected credit losses provision	7	(933,355)	-
Dividends from financial assets at fair value through income		(130,216)	(72,551)
Depreciaition	12 ، 13	87,076	121,310
Depreciation of the right to use assets	15	95,655	140,670
Interests on rents contracts liabilities	15	44,682	53,600
Unrealized gains from financial assets at fair value through income		57,311	(800,906)
Prior years' revenues		45,062	-
Capital losses		-	2,053
Operating income before changes in working capital		**1,256,218**	**1,109,887**
(Increase) decrease in current assets			
Accounts receivable from financing activities		6,933,676	3,266,995
Other debit balances		(467,523)	(1,548,795)
Due from related parties		(7,316)	(8,505)
Increase (decrease) in current liabilities			
Customers' investing accounts		(7,200,286)	(178,158)
Other credit balances		750,691	(296,649)
Net cash provided from operating activities before paid tax		**1,265,460**	**2,344,775**
Paid tax	17	(269,484)	(500,692)
Prior years' paid tax	17	(1,555,982)	-
Net cash (used in) provided from operating activities		**(560,006)**	**1,844,083**
Cash flows from investing activities			
Acquisitions of property , plant & equipments	12	(74,873)	(25,530)
Dividends from financial assets at fair value through income		130,216	72,551
Systems under construction		83,221	(48,754)
Proceeds from sales of property , plant & equipments		-	70
Financial assets through income st. (Acc. Receiv- finance activities)		97,783	(6,672)
Real-estate investments		(318,596)	(71,770)
Net cash (used in) investing activities		**(82,249)**	**(80,105)**
Cash flows from financing activities			
Rent contracts liabilities payments	15	(117,250)	(159,267)
Disposals of the right to use assets	15	(11,535)	-
Net cash (used in) financing activities		**(128,785)**	**(159,267)**
Net (decrease) increase in cash		**(771,040)**	**1,604,711**
Cash on hand and at banks at beginning of year		2,726,565	1,121,854
Cash on hand and at banks at end of year		**1,955,525**	**2,726,565**

The accompanying notes form from (1) To (33) is an integral part of these statements

1- Company's registration and objectives

The **First Finance Company** was established & registered as a public shareholding company under number (**390**) on **March 5, 2006** , the company was established with an authorized capital of 50 million share/JD, the company started its activities from the date of Septmber 3, 2006.
In accordance with the resolution of the general assembly of shareholders, in its extraordinary meeting held on April 14,2011, and after the approval of the Ministry of Industry and Trade on September 22,2011 , the company reduced its authorized and paid-in capital by 15 million Share / JD to write-off the accumulated losses. Consequently, the company's capital has become 35 millon share / JD instead of 50 million share / JD.

One of the company's objectives is to carry out financing for natural and legal persons in accordance with the provisions of Islamic law, and this includes, for example, direct financing of consumer and durable goods, real estate financing, including financing of lands, housing, buildings and constructions, and financing the establishment of private and public projects. .

It also aims to mediate between banks, local lending and financing institutions, international and regional development funds and banks, and between the beneficiaries of the programs of these institutions.

It also aims to manage the money of others in the financial and investment fields in exchange for specific fees or shares of the returns of these funds, as well as the management of property, real estate and other movable and immovable properties owned by others.

The consolidated financial statements were approved by the board of directors at their meeting held on **March 20, 2022,** these financial statements needs subject to the approval of the general assembly of shareholders .

2- Basis of preparation of financial statements

The financial statements of the company have been prepared in accordance to International Financial Reporting Standards .

The financial statements have been prepared on historical cost except financial assets and liabilities which appears on fair value .

The financial statements are presented in Jordanian Dinars (JD) which is the company's functional and presentation currency .

3- **Basis of consolidatation of the financial statements**

- The consolidated financial statements consist of assets , liabilities , revenues & expnses of **First Finance Company** and **1** subsidiary as follows :

Company's name	Legal form	Date of control	Capital	Ownership rate	Company's share of subcidiary's (losses)	Investment's net book value
		JD	JD	%	JD	JD
Sukok Leasing Company	L.L.C	April 19,2017	500,000	100	(80,696)	424,965

- **Summary for subsidiary's assets & liabilities & revenues & profit :**

Company's name	Assets	Liabilities	Revenues	(Loss) for the year
	JD	JD	JD	JD
Sukok Leasing Company	706,910	281,945	35,852	(80,696)

Control realized when company has ability of control the financial and operation policies for subsidiaries for obtained benifets from its activities .

Subsidiaries' income results is being consolidated in statement of consolidated income from date of control up to stop that control on subsidiaries when the actual control on subsidiaries move to company or from company .

The financial statements for the parent company and subcidiaries are prepared for the year of the same accounting policies which used in the parent company (First Finance Company) , if subsidiary used differnet policies some adjusting must made on its financial statements to be applicable to the policies used in the parent company .

Minority interests represents part non owned by company from subsidiaries' owner's equity , minority interests stated in net company's assets as a separated item from shares owner's equity of the company .

4- **Use of estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities . These estimates and assumptions also affect the revenues and expenses and the resultant provisions and particular , considerable judgement by management is required in the estimation of the amount and timing of future cash flows . Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ, resulting in future change in such provisions .

Management beleive that the estimates are reasonable and are as follows :

- Management evaluates its investments for impairment on a regular basis where there is a prolonged decline , Management estimates the value of impairment and the same is charged in the statement of comprehensive income - An estimate of the collectible amount of trade accounts receivables is made when collection of the full amount is no longer probable . For individually significant amounts , this estimation is performed on an individual basis . Amounts which are not individually significant , but which are past due , are assessed collectively and a provision applied according to the length of time past due , based on historical recovery rates .
- Inventories are held at the lower of either cost or net realizable value . When inventories become old or obsolete , an estimate is made of their realizable value . For individually significant amounts this estimation is performed on an individual basis . Amounts which are not individually significant , but which are old or obsolete , are assessed collectively and a provision applied according to the inventory type and the degree of aging or obsolescence , based on historical selling prices.
- Management reviews periodically the tangible and intangible assets in order to assess the amortization and depreciation for the year based on the useful life and future economic benefits . Any impairment is taken to the statement of comprehensive income.

5- **Significant accounting policies**

Below used accounting policies in preparation of financial statements, these policies is applying in the years appear in financial statements.

Changes in accounting policies

Accounting policies followed in condensed interim financial statements' preparation for this period are consistent with the policies followed the last year, Except for the Company's application of the following Standards effective for annual periods beginning on 1 January 2020:

A. **The new standards, amendments and interpretations that have been applied by the company in the fiscal year beginning on January 1, 2021:**

* Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Standard Interest Rate Reform - Phase Two.
* Amendments to IFRS 16 Leases, Lease Concessions Related to Coronavirus.

B. **New standards, amendments and interpretations issued but not yet effective and not early applied: It is valid for annual periods beginning on January 1, 2022.**

* Amendments to International Financial Reporting Standard No. 3 - Business Groups.
* Amendments to International Accounting Standard No. 16 - Property, Equipment and Machinery.
* Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

It is valid for annual periods beginning on January 1, 2023.

* Amendments to International Accounting Standard No. 1 - Presentation of Financial Statements - Classification of Liabilities.
* Deferred tax assets and liabilities arising from a single transaction - Amendments to IAS 12.
* Sale or contribution of assets between an investor and his subsidiary or joint venture - Amendments to International Financial Reporting Standard No. 10 and International Accounting Standard No. 28.

The previous amendments and interpretations, as well as the non-effective standards, did not have a material impact on the university during the current or future year and on the expected future transactions.

Accounts receivable

Accounts receivable and others are stated at their net realizable value net of a provision for doubtful accounts , bad debts where written off when identified deduct of its stated provision and the collected amounts from debts which identified to revenues .

Impairment of financial assets

The application of IFRS 9 has fundamentally changed the way of calculating the impairment loss for the company through the approach of the forward-looking expected credit losses method. The company records allowances for expected credit losses for all Murabaha financing instruments and debt financial assets that are not held at fair value through the income statement, all of which are referred to (financial instruments).
Equity instruments are not subject to impairment testing under IFRS 9. The expected credit loss allowance is based on the expected credit losses over the life of the asset, unless there has been a significant change in credit risk from the date of inception, the allowance is based on the 12-month expected credit loss.

The expected credit loss weighted by the probability of default of the credit exposure within 12 months is part of the expected credit losses over the life of the asset resulting from failure events in financial instruments that can occur within 12 months from the date of the report.
The ECL is calculated for both the lifetime ECL and the 12-month PD for the credit exposure either on an individual basis or on an aggregate basis depending on the nature of the portfolio's financial instruments.
The company has developed a policy to assess, periodically, whether the credit risk of the financial instrument has increased significantly from the date of initial recognition, by taking into consideration the change in the risk of default over the remaining life of the financial instrument.

Based on what was mentioned previously, the company classifies financial assets into the first stage, the second stage and the third stage as shown below:

The first stage: When financial assets are recognized for the first time, the company records a provision based on the expected credit losses with the probability of default for the credit exposure within 12 months. The first stage also includes the financial assets that were reclassified from the second stage.
The second stage: When a significant increase in credit risk occurs from the date of first recognition, the company records an allowance for expected credit loss for the entire life of the credit exposure. The second stage also includes the financial assets that have improved in credit risk and that have been reclassified from the third stage.
The third stage: financing instruments to which the concept of impairment (default) applies, the company calculates the expected credit loss for the entire life of the credit exposure. For financial assets that the company does not have reasonable expectations of recovering either the entire amount or part of it, the book value of the financial assets is reduced, and it is considered as a (partial) cancellation of the financial assets.

Calculation of expected credit losses

The Company calculates ECL based on the weighted average of three scenarios to measure the expected cash shortfall. The cash shortfall is the difference between the cash flows owed to the company in accordance with the contract and the cash flows expected to be collected. The mechanism for calculating expected credit losses and the main elements are explained as follows:
Likelihood of tripping: The probability of default is an estimate of the probability of default over a given time horizon. The default may occur at a specific period during the evaluation period, if the facility has not been canceled beforehand and it is still in the portfolio.
Credit exposure at default: The credit exposure at default is an estimate of the outstanding amount subject to default at a future date, taking into account the expected changes to the amount outstanding after the reporting date, including principal payments and the value of profit.
Loss ratio assuming default: The default loss ratio is an estimate of the loss arising in the event that default occurs at a particular time, and it represents the difference between the contractual cash flows due and the amount that the lender expects to collect from the existence of real collateral. Usually expressed as a percentage of the credit exposure at default.

When estimating ECL, the company considers three scenarios (normal scenario, best case scenario and worst case scenario). Each of them is associated with different weights of the probability of default, credit exposure when default, and the percentage of loss assuming default.
The assessment of various scenarios also includes how to recover the defaulted financing, including the probability of processing the non-performing financing and the value of the collateral or the amounts expected to be collected from the sale of the collateral.
Impairment losses are calculated and disclosed separately from the profits and losses resulting from adjusting the total carrying amount of financial assets.

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

The first stage: the expected credit losses are calculated with the probability of default for the credit exposure within 12 months as part of the expected credit losses over the life of the asset, and therefore the company calculates the provision from the probability of default on the financial instruments within 12 months after the date of the report. These hypothetical 12-month expected probabilities are applied to the amount of credit exposure at default multiplied by the loss ratio assuming default, and this calculation is made for each of the three scenarios as described above.
The second stage: When a significant increase in credit risk occurs from the date of initial recognition, the company calculates an allowance for expected credit loss for the entire life of the credit exposure, and the mechanism for calculating the allowance is similar in the same way described above, including using different scenarios, but the probability of default is used and Credit exposure for the entire life of the financial instrument.
The third stage: For financial assets to which the concept of impairment (default) applies, the company calculates the expected credit loss for the entire life of the credit exposure, and the mechanism for calculating the provision is similar to the method used in the second stage, and the probability of default is determined at 100% and the loss ratio is assuming greater default of those applied in the first and second stages.
Warranty contracts: The company's obligation for each guarantee is measured by the largest amount, either the amount recognized when measuring, minus the cumulative amortization recognized in the income statement, or as an allowance for expected credit losses. Therefore, the Company estimates the expected credit losses based on the present value of the payments to compensate the holder for the credit losses incurred. The cash shortfall is discounted at the adjusted rate of return associated with the amount outstanding, and it is calculated using the weighted average of the three scenarios. Expected credit losses related to guarantee contracts are recognized in provisions.

Debt instruments measured at fair value through other comprehensive income

The expected credit losses of debt instruments measured at fair value through other comprehensive income do not reduce the carrying amount of the financial assets in the statement of financial position, which are shown at fair value. Instead, an amount equal to the provision that would arise if the financial assets were measured at amortized cost is recognized in other comprehensive income, and appears as an accumulated impairment with a corresponding cost of profit and loss. The cumulative losses recognized in items of other comprehensive income are recycled to the income statement when the assets are derecognised.

Outlook for information

In the expected credit loss model, the company relies on a wide range of future information used as inputs, such as the increase in gross domestic product, unemployment rates, central bank rates of return, international oil price indicators and global market performance indicators. The inputs and models used in calculating expected credit losses may not include all market characteristics as at the date of the financial statements. As a result, qualitative adjustments are sometimes made as temporary adjustments when there are significant differences.

Warranties Evaluation

For the purposes of mitigating credit risk, the Company uses collateral, where possible. There are many forms of cash guarantees, securities, letters of credit, real estate, receivables, inventory and other non-financial assets, and credit improvement agreements. Collateral, unless redeemed, is not recorded in the company's statement of financial position. However, the fair value of the collateral affects the calculation of the company's expected credit losses. They are generally evaluated, as a minimum, upon initial recognition and are re-evaluated periodically.
To the extent possible, the Company uses active market data to value financial assets held as collateral. Other financial assets that do not have an active market are valued using business models. Non-financial collateral, such as a real estate collateral, is valued based on data provided by third parties such as mortgage evaluators or based on housing price indices.

Refundable Warranties

The company's policy is to determine whether it is preferable to use the recovered asset in the company's business or sell it. The assets to be used in the company's activity are transferred to the fixed assets category and are recognized at the recoverable amount or net book value, whichever is lower. As for the collateral to be sold as a better option, it is transferred to the category of assets held for sale at its fair value, and at fair value less selling cost of non-financial assets on the maturity date as per the company's policy.
Depending on the company's business, the company redeems property or other assets in its trading portfolio, but it appoints outside agents to recover its value, generally through auctions, to settle unpaid debts. Any excess funds from the sale of collateral will be returned to the clients/borrowers. As a result, repossessed collateral residential properties are not recorded in the statement of financial position.

Write off the debt

Financial assets are written off either partially or completely only when the company ceases to recover. In the event that the amount written off is greater than the provision for accumulated losses, the difference is treated as an addition to the provision that is applied against the total book value. Subsequent recoveries are charged to the accumulated credit loss expense.

Financial assets at fair value through income

Variation of changes in fair value for financial assets is recording through income statements
Financial assets at fair value through income statement appear in fair value which had market prices in active markets.

Financial assets at fair value through comprehensive income

Financial assets at fair value through comprehensive income are non derivative financial assets, the purpose of the acquisition is to keep them available for sale and not to trade or keep them until maturity.

The differences in the change in fair value of financial assets carried at fair value are recorded through the statement of comprehensive income.

Financial assets at fair value through comprehensive income that is available to quoted market prices in active markets at fair value, net of accumulated impairment losses in the fair value appear.

Gains and losses arising from differences foreign currency debt instruments that bear interest within the specified financial assets at fair value through comprehensive income transfer register, while the registration of foreign exchange rate changes ownership of the tools included in the cumulative change in fair value in equity.

If the company did not adopt the recognition of the fair value changes of financial assets in equity instruments in the list of other comprehensive income must be an option then these assets are measured at fair value and recognize changes in fair value in the statement of comprehensive income.

Offsetting

Offsetting of fianacial assets and financial liabilities is occurred and the net amount reported in the financial statements when the rights and legaly enforceable right to offset the recognized amounts and the bank intends to either settle them on a net basis , or to realize the assets and settle the liability simultaneously

Property, plant & equipments

Property, plant & equipments are recorded at cost and depreciated (except lands) over its estimated useful lives under the **straight line** method by using annual depreciation rates as follows:

Computer hardware and software	**20-25**	**Vehicles**	**15**
Furniture & fixtures	**10**	**Decorations**	**7.5**

An assets carrying amounts is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount , the impairement record in statement of comprehensive income .

The expected production life for assets is reviewed at end of the year , whenever ther are changes between the expected life and the estimated , the depreciation method is changed to depreciate on net book value based on the remaining production life after re-estimation from the year re-estimated on .

When there are no expected economic benifits from usage , that item will be written down immediately .

Intangible assets

Intangible assets, which have finite useful lives, are amortized over their useful lives. Amortization is recognized in the statement of income;however, intangible assets whithout define useful lives should not be amortized and are required to be tested for impairment as of the date the financial statement. Impairment loss shall be recognized in the statement of income.
Intangible assets arising from company operation are not capitalized and should be recognized in the statement of income when incurred.

Intangible assets are assessed at each reporting date to determined whether there is any objective evidence that they are impaired as well as the useful lives of the intangible assets are annually reassessed and any adjustments raised are recognized in the susequent events.
The amortization expenses is recognized in the statement of income on a straight line basis over the estimated useful life of each item of intangible assets. Intangible assets are stated at cost less accumulated amortization and any accumulated impairment loss. They are amortized annually of **20%**.

Real estate investments

Real estate investments are stated at cost and any impairment in their value is recorded in the income statement. The income or operating expenses of these investments are recorded in the income statement, real estate investments are evaluated and their fair value is disclosed in the financial statements. It is depreciated with the exception of (land) when it is ready for use over its expected useful life using the **straight-line** method and in percentages of **4%** for buildings.

Systems under construction

Systems under construction are recorded at cost which represents the contractual obligations of the company for the construction. Allocated costs directly attributable to the constructin of the assets are capitalized. The systems under construction is transferred to the appropriate assets category and amortized in accordance whith the company's policies when construction of the assets is completed and commissioned.

The right to benefit from the assets

The company recognizes the right to use the assets on the start date of the lease contract (the date on which the asset is usable), the right to use asset is recognized at cost, after deducting the accumulated depreciation and impairment losses, and the value is adjusted upon re-evaluation of the lease obligations.
The right-of-use principal cost includes the value of the recognized rental liability, in addition to the initial direct costs incurred, and lease payments made on or before the contract commencement date, less any incentives received related to the lease. In the event that the company is not certain of obtaining ownership of the leased asset at the end of the contract period, the value of the right to use the recognized asset is depreciated on a straight-line basis over the extent of the asset's productive work or the lease period, whichever is less. Right-of-use assets are subject to an impairment test.

Lease contract liabilities

On the commencement date of the lease, the company recognizes lease obligations at the present value of the lease payments to be made during the term of the lease. Rent payments include fixed payments (which include payments that are in substance considered fixed lease payments) minus rent incentives payable, variable lease payments based on agreed indicators or rates according to contract terms, and amounts expected to be collected under residual value guarantees. The lease payments also include the value owed upon exercising the purchase option that the company is certain to exercise and the value of the lease termination fines, if the company intends to exercise the termination option in accordance with the terms of the contract.
Variable lease payments that are not based on agreed indicators or rates in accordance with the terms of the contract are recognized as expenses in the period in which the event or condition that leads to the payment of those amounts.

When calculating the present value of lease payments, for the purposes of discounting future lease payments, the company uses the borrowing rate at the commencement of the lease if the interest rate implicit in the lease is not determinable. Subsequently, the rental liability is increased by the amount of interest accrued and reduced by the amount of actual rental payments. In addition, the book value of the lease liability is re-measured if there is any amendment or change to the lease term, or when any change occurs to the payments in its content, which are considered fixed rental payments or when the valuation related to the purchase of the asset changes.

Short-term leases and low-value leases

The company applies the exemption related to the recognition of short-term leases to some short-term leases (contracts with a duration of 12 months or less from the start date and does not include the option to purchase the asset). The company also applies the exemption related to leases for low-value assets to some leases for assets deemed to be of low value. Lease payments for short-term leases and low-value assets leases are recognized as expenses on a straight-line basis over the term of the lease.

Assets devolved to the company in payment of outstanding debts

The assets devolved to the company appear in the statement of financial position at the value transferred to the company or the fair value, whichever is lower, and they are re-valued on the date of the financial statements at fair value individually, and any decrease in their value is recorded as a loss in the income statement, and the increase is not recorded as revenue. The subsequent increase is recorded in the income statement to the extent that it does not exceed the impairment value that was recorded previously.

Accounts payable & accrued amounts

The accounts Payable and accrued amounts are recognized upon receipt of the goods by the company, whether billed by the supplier or not.

Fair value

The close price at the financial statements date represent the fair value for current financial statement in international markets , in case if the prices are not available for some financial investments the fair value evalued through the comparative with market current value to similar financial instrument .
In case if there is a financial assets to be unfesible measuring its fair value completely the cost & the amortizing cost shown , in case if there is alower in its fair value the lower value recording in statements of income.
The evaluations types aim to measure a fair value reflect market expectation , it take market positions and also any risks or expected benefits when reevaluated the financial instruments , when the fair value of financial instruments is not measured reliably it will record at cost after deducting any impairemnet of its value .

Date of financial assets recognized

Purchases and sales financial assets are recognized on the trade date (the date on which the company commits its self to purchase or sell the assets) .

Revenues recognition

The company generates revenue according to IFRS 15 using the following five-step model:

The first step: determining the contract with the customer
A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets standards for each contract that must be fulfilled.

The second step: define performance obligations
A performance obligation is a promise in a contract with a customer to transfer a good or perform service to a customer

Step Three: Determine the transaction price

The transaction price is the amount of the consideration that the company expects to receive in exchange for transferring the goods or services promised by the customer except for amounts collected on behalf of third parties.

The fourth step: allocating the transaction price

For a contract that contains more than a performance obligation, the company distributes the transaction price to each performance obligation in an amount that specifies the corresponding amount that the company expects to obtain in return for fulfilling each

The fifth step: recognition of revenue

The company generates revenue when or whenever it fulfills the performance obligation by transporting goods or implementing the services promised by the customer under the contract.

Other revenues recognition

Other revenues are taken to income statement according to accrual basis.

Dividends of securities gains

The dividends of securities gains are recognized when declared by the general assembly of the companies invested in .

Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events , it is probable that an outflow or resource will be required to settle the obligation , and a reliable estimate of the amount can be made . Where the company expect a provision to be reimbursed , for example under an insurance contract , the reimbursed is recognized as a seperate asset but only when the reimbursement is virtually certain .

Income tax

Payable tax expenses are calculated on the basis of taxable profits in accordance with Income Tax Law No. 38 of 2018 and International Accounting Standard No. 12, which requires the recognition of deferred taxes resulting from time differences in the fair value reserve, which may result in the company having deferred tax liabilities.
Tax expense represents the amounts of tax payable and tax deferred.
Due taxes are calculated on the basis of taxable profits. Taxable profits differ from profits declared in the income statement because the declared profits include non-taxable revenues or expenses that are not deductible in the fiscal year but in subsequent years, or accumulated losses that are taxable, or items that are not subject or acceptable. Downloading is for tax purposes.
Deferred taxes are the taxes expected to be paid or recovered as a result of temporary time differences between the value of assets or liabilities in the financial statements and the value on which the tax profit is calculated.

Deferred taxes are calculated using the liability method in the statement of financial position. Deferred taxes are calculated according to the tax rates that are expected to be applied when the tax liability is settled or deferred tax assets are realized.
The balance of deferred tax assets is reviewed at the date of the financial statements and is reduced in the event that it is expected that it will not be possible to benefit from those tax assets in whole or in part.

Impairment of non-financial assets

On the date of preparing the financial statements, the company assesses whether there is evidence that the asset is impaired. If there is any evidence of this, or when annual impairment testing is required, the Company assesses the asset's recoverable amount. The asset's recoverable amount is its fair value or cash-generating unit less costs to sell and its value in use, whichever is higher and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or the company's assets.
When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the fair value in use, the future cash flows are discounted to their present fair value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If it is not possible to identify such transactions, the appropriate valuation form is used. These calculations are corroborated by multiples of share price of publicly traded subsidiaries or other available fair value indicato

foreign currency translation

Foreign currency transactions are translated into Jordanian Dinars at the exchange rates prevailing at the date of transaction . Assets and liabilities expressed in foreign currencies are translated into Jordanian Dinars at the exchange rates prevailing as at the balance sheet date . Exchange differences arising from these translations are included in the statement of income .

6- **Cash on hand & at banks**

This Item Consists of :

	2021	2020
	JD	JD
Current accounts at commercial banks	286,360	1,607,838
Current accounts at islamic banks	1,667,385	1,114,023
Cash on hand	1,780	4,704
Total	**1,955,525**	**2,726,565**

7- **Accounts receivable from financing activities - net**

A. This Item Consists of :

	2021	2020
	JD	JD
Finance receivables (note 7b , 7 c)	57,644,688	65,953,431
Finance lease receivables (note 7b , 7c)	188,902	820,346
Deduct: unrealized returns on financing contracts (note 7b)	(7,303,927)	(9,656,288)
Net	**50,529,663**	**57,117,489**
Deduct: provision for expected credit losses (note 7d, 7e)	(18,771,380)	(19,619,183)
Deduct: pending returns (note 7 f)	(2,234,134)	(1,888,284)
Net	**29,524,149**	**35,610,022**

B. **The details of receivables from financing activities after deducting unrealized returns are as follo**

	2021			2020
	Accounts receivable from financing and leasing activities	**Unrealized returns**	**Net**	**Net**
	JD	JD	JD	JD
Companies				
Corporate Finance - Commodity	28,301,453	3,744,947	24,556,506	24,352,261
Bills of lading financing	2,528,336	-	2,528,336	2,528,336
Corporate Finance - Real Estate	3,349,402	686,124	2,663,278	3,752,727
Total	**34,179,191**	**4,431,071**	**29,748,120**	**30,633,324**
Individuals				
Individuals - merchandise	1,120,481	17,662	1,102,819	2,469,586
Stocks - Securities	2,819,537	-	2,819,537	2,782,020
Real estate	7,656,814	1,468,426	6,188,388	6,882,299
Vehicles and machinery	12,057,567	1,386,768	10,670,799	14,350,260
Total	**23,654,399**	**2,872,856**	**20,781,543**	**26,484,165**
Grand total	**57,833,590**	**7,303,927**	**50,529,663**	**57,117,489**

C. **The movement of receivables from financing activities is summarized as follows:**

	2021				2020
	First stage	**Second stage**	**Third stage**	**Total**	**Total**
	JD	JD	JD	JD	JD
Balance at beginning of year	**21,323,002**	**7,073,096**	**38,377,679**	**66,773,777**	**70,692,687**
New financings	3,276,054	474,869	34,900	3,785,823	6,974,974
Paid financings	(6,425,577)	(3,294,370)	(2,334,949)	(12,054,896)	(4,850,302)
Transferred to the first stage	1,509,630	(1,274,994)	(234,636)	-	-
Transferred to the second stage	(5,098,534)	5,134,588	(36,054)	-	-
Transferred to the third stage	(1,144,454)	(2,585,152)	3,729,606	-	-
Changes resulting from adjustments	(1,674,138)	(1,364,697)	2,367,721	(671,114)	(6,043,582)
The total effect on the volume of exposures as a result of changing the classification between the stages	(4,733,358)	1,274,442	3,458,916	-	-
Balance at ending of year	**10,945,637**	**4,163,340**	**42,535,838**	**57,833,590**	**66,773,777**

D. **The movement of provision for expected credit losses is summarized as follows:**

	2021	2020
	JD	JD
Balance at beginning of year	**19,619,183**	**18,683,207**
Additions for the year	85,552	935,976
Disposals of the year (returned to income)	(933,355)	-
Balance at ending of year	**18,771,380**	**19,619,183**

E. **The movement of provision for expected credit losses is summarized as follows:**

	2021				2020
	First stage	**Second stage**	**Third stage**	**Total**	**Total**
	JD	JD	JD	JD	JD
Balance at beginning of year	**1,246,175**	**69,819**	**18,303,189**	**19,619,183**	**18,683,207**
Impairment loss on new financings	94,191	67,656	29,843	191,690	1,027,982
Recovered from impairment loss on new financings	(333,522)	(55,635)	(125,021)	(514,178)	(287,937)
Transferred to the first stage	(125,434)	161,618	(36,184)	-	-
Transferred to the second stage	(27,645)	28,862	(1,217)	-	-
Transferred to the third stage	(59,039)	(38,674)	97,713	-	-
Changes resulting from adjustments	(529,480)	55,948	(200,733)	(674,265)	195,931
Effect on the provision resulting from adjustments	(46,678)	(107,476)	303,104	148,950	-
Balance at ending of year	**218,568**	**182,118**	**18,370,694**	**18,771,380**	**19,619,183**

F. **The movement of the pending returns is summarized as follows:**

	2021	2020
	JD	JD
Balance at beginning of year	**1,888,284**	**1,682,455**
Pending returns during the year	808,909	621,002
Pending returns transferred to revenue during the year	(463,059)	(415,173)
Balance at ending of year	**2,234,134**	**1,888,284**

8- **Financial assets at fair value through income statement**

A. This Item Consists of :

	2021	2020
	JD	JD
Accounts receivable - financing activities (note 8 b)	3,995,458	4,093,241
Listed financial assets	104,284	161,595
Total	**4,099,742**	**4,254,836**

B. Accounts receivable - financing activities are represented in plots of land invested under agreements for the purposes of sorting, developing and selling, with a total area of 183.9 dunums. The lands are not registered in the name of the company, but are registered in the name of people under an agreement and in the name of a related party. The company's ownership of these lands is proven through first-class mortgage bonds in favor of First Finance Company.

9- **Other debit balances - net**

A. This Item Consists of :

	2021	2020
	JD	JD
Assets devolved to the company in payment of outstanding debts	3,164,980	2,855,407
Other debts	1,551,919	1,375,912
Refundable deposits	320,377	347,507
Prepaid expenses	27,783	17,645
Total	**5,065,059**	**4,596,471**
Deduct: provision for expected credit losses (note 9 b)	(423,360)	-
Net	**4,641,699**	**4,596,471**

B. **The movement of provision for expected credit losses is summarized as follows:**

	2021	2020
	JD	JD
Additions for the year	423,360	-
Balance at ending of year	**423,360**	**-**

C. A provision has been made for the full value of the accrued and unreceived profits amounting to 138,722 dinars (151,857 as of December 31, 2019 and an amount of 13,135 dinars has been received out of the amount due during the year 2020), and there is no movement on this account during the year 2021.

10- **Financial assets at fair value through comprehensive income st.**

A. This item consists of :

	2021	2020
	JD	JD
Public shareholding companies (listed)		
Financial Asset Portfolio - national (Note 10b, 10c)	2,819,453	2,724,734
Financial Asset Portfolio - international	79,304	72,735
Limited liabilities companies (un-listed)		
Financial Asset Portfolio - national	1,487,660	1,881,836
Financial Asset Portfolio - international	218,293	218,293
Fair value	**4,604,710**	**4,897,598**

B. The financial assets portfolio (national - listed) includes shares mortgaged in favor of Safwa Islamic Bank against a ceiling of credits granted to the company in favor of its customers, which numbered 1,232,080 shares, with a market value of 1,673,321 JD as on December 31, 2021 (1,577,630 JD as on December 31, 2020).

C. For the purposes of the company’s membership in the boards of directors of the invested companies (national - listed), the reserved shares of the shares owned amounted to 35,200 shares and a market value of 39,630 Jordanian dinars.

11- **Deferred tax assets**

This item consists of :

	2021					2020
Included accounts	**Balance at beginning of the year**	**Amounts released**	**Amounts additioned**	**Balance at ending of the year**	**Deffered tax assets**	**Deffered tax assets**
	JD	JD	JD	JD	JD	JD
Provision for expected credit losses	19,619,183	(933,355)	423,360	19,109,188	5,350,573	5,493,370
Fair value reserve for financial assets	1,884,231	-	292,888	2,177,119	379,071	295,880
Total	**21,503,414**	**933,355-**	**716,248**	**21,286,307**	**5,729,644**	**5,789,250**

The deferred tax assets of the investment evaluation reserve are calculated by taking into consideration the domestic investments at **28%** and the foreign investments at **10%.**

	2021	2020
	JD	JD
Balance beginning of the year	**5,789,250**	**5,709,179**
Additions for the year	201,733	328,283
Disposals for the year	(261,339)	(248,212)
Balance ending of the year	**5,729,644**	**5,789,250**

12- **Property , plant & equipments - Net**

A. This item consists of the following :

	Computer hardware and software	Furniture & fixtures	Vehicles	Decorations	Total
	JD	JD	JD	JD	JD
Cost					
Balance beginning of the year	**401,898**	**246,668**	**141,373**	**1,166,946**	**1,956,885**
Additions for the year	60,908	1,040	12,850	75	74,873
Balance ending of the year	**462,806**	**247,708**	**154,223**	**1,167,021**	**2,031,758**
Accumulated depreciations					
Balance beginning of the year	332,852	**218,673**	**123,184**	**1,033,635**	**1,708,344**
Depriciations for the year	25,629	6,487	7,346	44,185	83,647
Balance ending of the year	358,481	**225,160**	**130,530**	**1,077,820**	**1,791,991**
Book value as of December 31, 2021	**104,325**	**22,548**	**23,693**	**89,201**	**239,767**
Book value as of December 31, 2020	**69,046**	**27,995**	**18,189**	**133,311**	**248,541**

B. Depreciated cost of property , plant & equipments and still in uses JD **1,460,306** as of **December 31, 2021** (JD **577,961** as of **December 31,2020**).

13- **Real-estate investments - net**

A. This item consists of the following :

	2021	2020
	JD	JD
Buildings - housing apartments	390,366	71,770
Deduct: buldings' accumulated depreciations - housing apartments	(3,429)	-
Total	**386,937**	**71,770**

B. The real estate investments are represented in the residential apartments built on plot No. **116**, Basin No. **19**, the fifth residential - plate No. **37** of the Aqaba lands, which are **5** apartments and cost JD **390,366** (apartments expropriated from finance lease financing).

14- **Systems under construction**

This item consists of the following :

	Date of expected completion	Completion rate	2021	2020
		%	JD	JD
General sysytem for the company	-	-	-	34,500
Expected losses calculated system	-	-	-	48,721
Total			**-**	**83,221**

15- **The right to use assets & rent contracts liabilities**

The movement of the right to use assets & rent contracts liabilities during the period as follow :

	The right to use assets	**Rent contracts' liabilities**
	JD	JD
Balance as of January 1, 2021	**821,315**	**861,637**
Additions for the year	31,942	31,942
Disposals for the year	(70,960)	(82,495)
Depreciation of the right to use assets	(95,655)	-
Payments on rent contracts liabilities	-	(117,250)
Cost of rents contracts liabilities	-	44,682
Prepaid cost of rents contracts liabilities	-	1,064
Balance as of December 31, 2021	**686,642**	**739,580**

16- Customers' investing accounts

This item represents investment agencies received from clients that mature within a period of **12** months to **78** months from the date of deposit, until they are invested in the company's activity, and the rate of profit paid to clients according to the amount and duration of the investment ranges from **4%** to **6%** as On **December 31, 2021** (from **3.5%** to **6.625%** as on **December 31, 2020**).

17- Income tax provision

A. **The movement of income tax provision is summarized as follow :**

	2021	2020
	JD	JD
Balance beginning of the year	**202,038**	**293,226**
Tax of the year (note 17 C)	368,172	409,504
Paid tax during the year	(269,484)	(500,692)
Balance ending of the year	**300,726**	**202,038**

B. The income tax of the **parent company** has been reviewed for the years from **2016** to **2019**, and the company has resulted in tax dues amounting to **1,449,021** Jordanian dinars, in addition to the amount of **106,961** Jordanian dinars, tax differences for the year **2020**, with a total of **1,555,982** Jordanian dinars, which have been paid in full. A final clearance for the end of **2019**, and a self-assessment statement for the **2020** income tax has been submitted and has not yet been reviewed by the Income and Sales Tax Department.
Income tax has been accepted for the **subsidiary company** for the years **2017**, **2019** and **2020**, and the income tax self-assessment statement for 2018 has been submitted and has not yet been revised.

C. **The income tax shown in the statement of comprehensive income is as follows:**

	2021	2020
	JD	JD
Income tax due on the profits for the year - the parent company	366,283	409,504
Income tax due on the profits for the year - the subsidiary company	1,889	-
Total income tax payable for the profit for the year	**368,172**	**409,504**
The effect of deferred tax assets	142,799	(220,836)
Total income tax	**510,971**	**188,668**

18- **Other credit balances**

This item consists of :

	2021	2020
	JD	JD
Due to shareholders	1,459,491	1,477,331
Due to investment agency	1,000,000	-
Unearned revenues	529,543	728,613
Unpaid dividends from investment agencies	9,450	200,078
Due to others	399,436	228,791
Accrued expenses	35,525	120,872
Provision for remuneration of members of the Board of Directors	45,000	45,000
Mortgage release deposits	50,525	40,434
Provision of cases	82,966	30,000
Due to sale tax	6,521	8,800
Accounts payable	40,950	28,796
Total	**3,659,407**	**2,908,715**

19- **Owners' equity**

- **Capital**

Declared & Paid capital amounted of JD **35,000,000** distributed on **35,000,000** shares, of Nominal value for each share of one JD .

- **Statutory reserve**

This item represents the accumulated amounts appropriated at a rate of **10%** of annual income and prior years, the appropriation will stop when the statutory reserve amount equals the capital , it is not available for distribution to the shareholders, provided that deductions for statutory reserve account do not exceed **25%** of the paid up capital,and it can be used for amortization accumulated loss in accordance with the companies law.

- **Voluntary reserve**

The voluntary reserve is formed by deducting a percentage of no more than **20%** of the annual profits, and it is distributable as dividends to shareholders. It can also be used for the purposes decided by the company’s board of directors.

- **Fair value reserve**

Fair value reserve represents of Decrease or increase of financial assets fair value as follows :

	2021	2020
	JD	JD
Balance at beginning of the year	**(1,003,917)**	**(1,129,317)**
Net changes during the year	(209,695)	125,400
Balance at ending of the year	**(1,213,612)**	**(1,003,917)**

- **Retained earnings**

The movement of retained earnings during the year as follow :

	2021	2020
	JD	JD
Balance at begginig of the year	**8,081,151**	**7,611,800**
income tax for previous years	(1,555,982)	-
Prior years' revenues	45,062	-
Adjusted openning balances	**6,570,231**	**7,611,800**
Profit for the year after tax	970,120	541,067
Transferred to statutory reserve	(147,920)	(71,716)
Balance at ending of the year	**7,392,431**	**8,081,151**

20- **Net financing revenues**

This item consists of :

	2021	2020
	JD	JD
Murabaha financing income - cars	1,028,203	1,056,883
Murabaha finance income - real estate	728,289	814,299
Income from Murabaha financing - companies	420,575	461,364
Murabaha financing income - individual services	37,054	72,581
Deduct: early repayment discount	(22,526)	-
Net	**2,191,595**	**2,405,127**

21- **Other revenues**

This item consists of :

	2021	2020
	JD	JD
Commissions revenues	334,585	384,182
Rents revenues	151,398	141,647
Others	53,480	42,520
Net	**539,463**	**568,349**

22- **General and administrative expenses**

A. This item consists of :

	2021	2020
	JD	JD
Employees costs (note 22 B)	650,041	818,328
Rents	6,937	-
Advertising	2,879	4,730
Stationary, printing and computers' needs	3,841	13,572
Water, electricity	27,761	24,500
Communications	23,668	22,949
Insurance	33,074	70,160
Fuel	12,941	7,706
Maintenance	20,208	15,659
Cleaning	15,174	35,984
Transportations	23,503	9,780
Board of directors' transportaions, travel & entertainment	58,335	48,603
Remuneration for board members	45,000	45,000
Insurance, licenses & suscribtions	64,402	63,134
Entertainment	3,050	7,102
Legal fees	29,149	18,128
Administrative and sharia fees	16,500	16,500
Professional fees	20,210	46,894
Banking Services	23,798	16,924
real-estates valuation expenses	2,685	150
Commission for sales and marketing intermediaries	6,359	7,267
Cases expenses	57,174	30,000
Others	21,294	4,669
Right to use assets depreciaition	95,655	140,670
Cost of rents contracts liabilities	44,682	53,600
Receivables collection commissions	14,095	-
Sales tax	41,744	19,999
Expenses of repossessed real estate	29,939	10,906
Unexecuted programs	62,100	-
Total	**1,456,198**	**1,552,914**

B. **Employees costs**

This item consists of :

	2021	2020
	JD	JD
Salaries, wages and bonuses	581,804	729,022
Company's share of social security	42,812	38,688
Medical insurance	25,425	50,618
Total	**650,041**	**818,328**

23- **Basic and diluted earning per share**

This item consists of :

	2021	2020
	JD	JD
Profit of the period after tax (JD)	970,120	541,067
Weighted average shares (share)	35,000,000	35,000,000
Basic and diluted earning per share	**0.028**	**0.015**

The diluted earning per share is equal to the basic earning per share .

24- **Contingent liabilities**

At the date of financial statements there were contingent liabilities represented of :

	2021	2020
	JD	JD
Banks guarantees	242,300	332,300
Deduct: Banks' gurantees deposits	(132,300)	(59,744)
Total	**110,000**	**272,556**

25- **Legal situation**

There are **cases filed by the parent company against third parties** (the company's clients) with a value of **27,886,976** .
There are **cases filed by third parties against the parent company**, amounting to JD **4,728,322** , and most of them are cases related to preventing the company from claiming them.
In the opinion of the company's legal advisor, the cases filed are still under consideration.
There is a case filed by **the subsidiary company** against a customer with a value of JD **154,080** , and the necessary provisions for it have been booked under the provision for expected credit losses.

26- Related parties transactions

Realated parties include key shareholders , key management personnel , key managers , associates and subsidiaries and controlled companies . The company's management has approved the pricing policies and terms of transactions with related parties.

A. Details of due from related parties appear on financial position - net

	2021			2020
	Company's employees	**Others**	**Total**	**Total**
	JD	JD	JD	JD
Ibn Alhaytham Hospital Company	-	10,193	10,193	430
Arab Int'l Food & Factories & Investments Co.	-	2,484	2,484	-
Alomana Company for Investment and Portfolio Management	-	144	144	-
University of Applied Sciences Club	-	3,000	3,000	-
Arab International Company for education & Investment	-	-	-	8,075
Total	**-**	**15,821**	**15,821**	**8,505**
Accounts receivable from financing activities	65,290	-	65,290	329,728
Grand total	**65,290**	**15,821**	**81,111**	**338,233**

Murabaha rates on receivables from financing activities from related parties range from 5% to 7%.

B. Details of due to related parties appear on financial position

	2021			2020
	Company's employees	**Others**	**Total**	**Total**
	JD	JD	JD	JD
Customers' investing accounts	261,000	612,885	873,885	5,364,385

The rates of return on the investment accounts of clients from related parties range from 4% to 5.75%.

C. **Details of related parties balances appear on statement of income**

	2021			2020
	Company's employees	**Others**	**Total**	**Total**
	JD	JD	JD	JD
Revenue from financing activities - net	-	4,132	4,132	22,779
Investing accounts' shares of revenues	152,374	7,638	160,012	302,465

E. **Wages , allowances and other benefits for senior excutive managements :**

	2021	2020
	JD	JD
Wages & other benefits	349,717	339,500

27- Sectors classification

The company has several sectors as described below and are strategic in the company.
Strategic departments provide different products and services, and are managed separately because they require different technical and marketing strategies.
Information relating to the result of each sector is icluded in the report below. Performance is measured based on the profit segment before tax, as reported in internal management reports reviewed by the company's management. The profit of the segment is used to measure performance where management beleives that this information is most important in evaluating the the results of certain segments relating to other entities operating within these segments.
When providing information on geographical basis, segment revenue is based on the geographical location of the customers and the segment's assets are based on the geographical location of the assets.

The company operates its activities in major operating segments, which comprise of financing activities and investments and others.
The company operated its activities inside of JORDAN.

	2021			
	Main activity	**Investments**	**Others**	**Total**
	JD	JD	JD	JD
Revenues	1,987,554	130,216	1,472,818	3,590,588
Assets & liabilities				
Assets	41,224,659	8,704,452	1,955,525	51,884,636
Liabilities	2,074,248	-	4,699,713	6,773,961
Other sectors informations				
Capital expenses	-	-	393,469	393,469
Depreciations	-	-	87,076	87,076

	2020			
	Main activity	**Investments**	**Others**	**Total**
	JD	JD	JD	JD
Revenues	1,898,129	873,457	568,349	3,339,935
Assets & liabilities				
Assets	47,157,325	9,224,204	2,726,565	59,108,094
Liabilities	9,274,534	-	3,972,390	13,246,924
Other sectors informations				
Capital expenses	-	-	146,054	146,054
Depreciations	-	-	121,310	121,310

28- Assets & liabilities accrual analysis

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

	2021		
	Until 1 year	**More than 1 year**	**Total**
	JD	JD	JD
Assets			
Cash on hand and at banks	1,955,525	-	1,955,525
Accounts receivable from financing activities - net	17,548,332	11,975,817	29,524,149
Due from related parties - net	15,821	-	15,821
Financial assets at fair value through income statement	4,099,742	-	4,099,742
Other debit balances - net	1,574,290	3,067,409	4,641,699
Financial assets at fair value through comprehensive income st.	-	4,604,710	4,604,710
Deffered tax assets	-	5,729,644	5,729,644
Property, plant & equipments - net	-	239,767	239,767
Real-estate investments	-	386937	386,937
The right to use assets	-	686,642	686,642
Total assets	**25,193,710**	**26,690,926**	**51,884,636**
Liabilities			
Customers' investing accounts	2,040,248	34,000	2,074,248
Income tax provision	300,726	-	300,726
Rent contracts' liabilities	-	739,580	739,580
Other credit balances	2,755,424	903,983	3,659,407
Total liabilities	5,096,398	1,677,563	6,773,961
Net	**20,097,312**	**25,013,363**	**45,110,675**

	2020		
	Until 1 year	**More than 1 year**	**Total**
	JD	JD	JD
Assets			
Cash on hand and at banks	2,726,565	-	2,726,565
Accounts receivable from financing activities - net	17,229,603	18,380,419	35,610,022
Due from related parties - net	8,505	-	8,505
Financial assets at fair value through income statement	4,254,836	-	4,254,836
Other debit balances - net	1,489,880	3,106,590	4,596,470
Financial assets at fair value through comprehensive income st.	-	4,897,598	4,897,598
Deffered tax assets	-	5,789,251	5,789,251
Property, plant & equipments - net	-	248,508	248,508
Real-estate investments	-	71770	71,770
Systems under construction	-	83254	83,254
The right to use assets	-	821,315	821,315
Total assets	**25,709,389**	**33,398,705**	**59,108,094**
Liabilities			
Customers' investing accounts	8,674,437	600,097	9,274,534
Income tax provision	202,038	-	202,038
Rent contracts' liabilities	-	861,637	861,637
Other credit balances	1,910,297	998,418	2,908,715
Total liabilities	10,786,772	2,460,152	13,246,924
Net	**14,922,617**	**30,938,553**	**45,861,170**

29- Risk management

Credit risks

Credit risk relates to the risk of the other party failing to fulfill its contractual obligations, causing losses to the company. The company follows the policy of dealing with credit-qualified parties, in addition to obtaining adequate guarantees, where appropriate, in order to mitigate the risk of financial losses resulting from non-fulfillment of obligations.
The company deposits cash and income with reputable financial institutions and appropriate credit.
Concentration of credit risk appears when customers are operating in the same activity, in the same geographical area, or have the same economic characteristics, and all of this may affect their ability to meet their contractual obligations due to their being affected by the same political and economic changes. Concentration of credit risk represents the company's sensitivity to developments affecting a particular industry or geographic area.

The following table shows the distribution of the company's revenues and assets by geographical sector:

	2021		
	Inside JORDAN	**Outside JORDAN**	**Total**
	JD	JD	JD
Total revenues	3,590,588	-	3,590,588
Total assets	51,587,039	297,597	51,884,636

	2020		
	Inside JORDAN	**Outside JORDAN**	**Total**
	JD	JD	JD
Total revenues	3,339,935	-	3,339,935
Total assets	58,817,066	291,028	59,108,094

The following table shows the concentration of credit exposures for financial assets by geographical distribution:

	2021		
	Inside JORDAN	**Outside JORDAN**	**Total**
	JD	JD	JD
Cash on hand and at banks	1,955,525	-	1,955,525
Accounts receivable from financing activities - net	29,524,149	-	29,524,149
Due from related parties - net	15,821	-	15,821
Financial assets at fair value through income statement	4,099,742	-	4,099,742
Other debit balances - net	4,641,699	-	4,641,699
Financial assets at fair value through comprehensive income st.	4,307,113	297,597	4,604,710
Total	**44,544,049**	**297,597**	**44,841,646**

	2020		
	Inside JORDAN	**Outside JORDAN**	**Total**
	JD	JD	JD
Cash on hand and at banks	2,726,565	-	2,726,565
Accounts receivable from financing activities - net	35,610,022	-	35,610,022
Due from related parties - net	8,505	-	8,505
Financial assets at fair value through income statement	4,254,836	-	4,254,836
Other debit balances - net	4,596,471	-	4,596,471
Financial assets at fair value through comprehensive income st.	4,606,570	291,028	4,897,598
Total	**51,802,969**	**291,028**	**52,093,997**

The following table shows the concentration of credit exposures for financial assets by economic sector

	2021		
	Financial	**Services**	**Total**
	JD	JD	JD
Cash on hand and at banks	1,955,525	-	1,955,525
Accounts receivable from financing activities - net	-	29,524,149	29,524,149
Financial assets at fair value through income statement	1,476,719	3,164,980	4,641,699
Other debit balances - net	104,284	3,995,458	4,099,742
Financial assets at fair value through comprehensive income st.	4,604,710	-	4,604,710
Total	**8,141,238**	**36,684,587**	**44,825,825**

	2020		
	Financial	**Services**	**Total**
	JD	JD	JD
Cash on hand and at banks	2,726,565	-	2,726,565
Accounts receivable from financing activities - net	-	35,610,022	35,610,022
Financial assets at fair value through income statement	317,912	4,278,559	4,596,471
Other debit balances - net	161,595	4,093,241	4,254,836
Financial assets at fair value through comprehensive income st.	4,897,598	-	4,897,598
Total	**8,103,670**	**43,981,822**	**52,085,492**

Liquidity risks

Liquidity risk is the risk that the company will face with regard to providing the necessary funds to meet obligations, and liquidity risk may arise as a result of the interruption of some funding sources resulting from unexpected events or disturbances in the market, and the company manages liquidity risk through continuous control of cash flows. Actual and matching the maturities of financial assets with financial liabilities by diversifying funding sources and maintaining highly liquid assets that are convertible to cash quickly.

The following schedule summrizes distribution of financial liabilities (non-discounted) as of **December 31, 2021** based on remaining period for contractual entitlement :

	2021			
	Until 1 year	**From 1 to 2 years**	**More than 2 years**	**Total**
	JD	JD	JD	JD
Customers' investing accounts	2,040,248	34,000	-	2,074,248
Income tax provision	300,726	-	-	300,726
Rent contracts' liabilities	-	739,580	-	739,580
Other credit balances	2,755,424	903,983	-	3,659,407
Total	5,096,398	**1,677,563**	**-**	**6,773,961**

	2020			
	Until 1 year	**From 1 to 2 years**	**More than 2 years**	**Total**
	JD	JD	JD	JD
Customers' investing accounts	8,674,437	600,097	-	9,274,534
Income tax provision	202,038	-	-	202,038
Rent contracts' liabilities	-	861,637	-	861,637
Other credit balances	1,910,297	998,418	-	2,908,715
Total	10,786,772	**2,460,152**	**-**	**13,246,924**

Market risks

The company follows financial policies to manage various risks within a specific strategy. The company's management undertakes the control and control of risks and conducts the optimal strategic distribution of each of the financial assets and liabilities. These risks include the following risks:

Currencies risks

Currency risk is the risk of loss resulting from fluctuations in foreign exchange rates, but the company does not deal in foreign currencies in its activities, and accordingly, there is no foreign currency risk on the company.

Risks of changing stock prices

The risk of change in share prices is represented in the decrease in the fair value of shares due to change in share indices and change in the value of individual shares.
The change in the percentage of the financial market index on the shares as on the date of the financial statements increased or decreased by 5%, and the following is the impact of the change on the income statement and equity:

	2021		
	Change in index	**Effect on income statement**	**Effect on owners' equity**
	JD	JD	JD
Financial markets	Increase 5%	5,214	230,236
Financial markets	Decrease 5%	(5,214)	(230,236)

	2020		
	Change in index	**Effect on income statement**	**Effect on owners' equity**
	JD	JD	JD
Financial markets	Increase 5%	8,080	245,966
Financial markets	Decrease 5%	(8,080)	(245,966)

30- Subsequent events

There are no subsequent events may have material affects to financial position .

31- Capital management

- Main objective of capital management is to insure keeping capital ratio appropriate to support company's activity and maximizing Shareholders equity .

Company managing capital structure and making needs adjustments according to ganges in work conditions ,the company structuring capital by decrease it because of no needs for this amount currently .

The items include in capital structure represents of paid capital & statutory reserve & Voluntary resrve & retained earnings totaling of JD **46,324,287** as of December **31, 2021** opposite of JD **46,865,087** as of **December 31, 2020.**

32- The impact of the Corona virus (Covid-19) outbreak on the company

In light of the continuing impact of the Coronavirus (Covid-19) on the global economy and various business sectors, and the accompanying restrictions and measures imposed by the Jordanian government, the company's operational activities have been affected by these events.
The extent and duration of these effects are not defined and depend on future developments that cannot be accurately predicted at the present time, such as the rate of spread of the virus and the effectiveness of measures taken to contain it. In light of the current economic turmoil, it is not possible to make reliable estimates about the impact of the virus until the date of approval of the financial statements. Future developments may affect the company's future results, cash flows, and financial condition.

33- Comparative figures

Some of the comparative figures have been reclassified to suit the classification of the current fiscal year figures. The reclassification and did not result in any impact on the profit or property rights of the previous year.