JORDAN INVESTMENT TRUST COMPANY

(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Jordan Investment Trust Public Shareholding Company
Amman- Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jordan Investment Trust Public Shareholding Company (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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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. For each matter below, our description of how our audit addressed the matter provided in that context .

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1. Revenue recognition: Share of income from associate	**How the key audit matter was addressed in the audit**
At 31 December 2018, the Group has associate investments amounting to JD 13,313,523 with share of profits recorded during the year 2018 amounted to JD 823,709 which represent the main source of income to the group. The Group focus on income from associate as a key performance measure, which could create an incentive to overstate income, and accordingly this area was considered a key audit matter for the audit. Refer to the note (2), (6) on the consolidated financial statements	Our audit procedures included, amongst others, obtaining the financial statements from associates as of 31 December 2018 and audit the implementation of the equity method of accounting related to the associate including the recalculation of the Company's share of income and net assets from the associate based on their financial statements.
2. Impairment of investment properties	**How the key audit matter was addressed in the audit**
Impairment of investment properties is considered a key audit matter as it represents a significant judgment area. Also, investment properties is a significant part of the total assets of the Group. Refer to the note (2), (9) on the consolidated financial statements	The Group performs impairment property annually by obtaining valuations from external independent valuators. Our audit procedures included obtaining the land valuations performed by independent valuators to ensure that management properly recorded any impairment in value.

Other information included in the Group's 2018 annual report.

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records, which are in agreement with the consolidated financial statements.

The partner in charge of the audit resulting in this auditor's report was Waddah Isam Barkawi; license number 591.

Amman-Jordan
10 March 2019

Ernst + Young

JORDAN INVESTMENT TRUST COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2018

	Notes	2018	2017
ASSETS		JD	JD
Cash on hand and at banks	3	285,876	1,016,777
Financial assets at fair value through profit or loss	4	1,894,156	7,154,099
Financial assets at fair value through other comprehensive income	4	4,256,007	108,333
Accounts receivable - net	5	102,497	158,611
Investment in associate	6	13,313,523	12,489,814
Other debit balances	7	410,633	507,194
Property and equipment	8	2,255,169	2,404,617
Investment properties	9	9,253,622	9,192,015
Total Assets		31,771,483	33,031,460
LIABILITIES AND EQUITY			
Liabilities -			
Loans	10	681,955	268,435
Brokerage customers payables		51,087	123,642
Other credit balances	11	883,335	1,011,792
Total Liabilities		1,616,377	1,403,869
Equity -			
Shareholders equity	13		
Paid in capital		26,383,725	26,383,725
Share premium		746,349	746,349
Statutory reserve		2,627,073	2,627,073
Voluntary reserve		154,602	154,602
Fair value reserve		(252,131)	(153,675)
Accumulated losses		(1,438,927)	(108,401)
Shareholders equity		28,220,691	29,649,673
Non-controlling interests	14	1,934,415	1,977,918
Net Equity		30,155,106	31,627,591
Total Liabilities and Equity		31,771,483	33,031,460

The accompanying notes from 1 to 30 form part of these consolidated financial statements

JORDAN INVESTMENT TRUST COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018	2017
		JD	JD
Revenue -			
Interest income		19,131	31,092
(Loss) profit from financial assets at fair value through profit or loss	15	(243,336)	570,030
Brokerage commissions		21,215	25,581
Share of profit from associate	6	823,709	955,638
Gain from sale of property and equipment		-	16,700
Other income	16	166,976	270,660
Net revenue		787,695	1,869,701
Expenses -			
Administrative expenses	18	1,117,787	1,308,738
Interest and commission		57,281	65,784
Other expenses	17	28,169	60,380
Total expenses		1,203,237	1,434,902
(Loss) profit before income tax from continued operations		(415,542)	434,799
Income tax expense	19	(39,920)	(35,452)
(Loss) profit for the year from continued operations		(455,462)	399,347
Profit for the year from discontinued operations	12	-	45,300
(Loss) profit for the year		(455,462)	444,647
Attributable to:			
Shareholders of the company		(411,959)	469,979
Non-controlling interests		(43,503)	(25,332)
		(455,462)	444,647
		Fils /JD	Fils JD
Basic and diluted earnings per share from (loss) profit of the year	20	(0/015)	0/017

The accompanying notes from 1 to 30 form part of these consolidated financial statements

JORDAN INVESTMENT TRUST COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	JD	JD
(Loss) profit for the year	(455,462)	444,647
Add: other comprehensive income not to be reclassified to profit and loss in subsequent periods:		
Change in fair value of financial assets at fair value through other comprehensive income	(867,023)	(21,465)
Total other comprehensive income items for the year after tax	(867,023)	(21,465)
Total comprehensive income for the year	(1,322,485)	423,182
Attributable to:		
Shareholders of the company	(1,224,028)	448,514
Non-controlling interests	(98,457)	(25,332)
	(1,322,485)	423,182

JORDAN INVESTMENT TRUST COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

			Reserves						
	Paid in capital	Share premium	Statutory	Voluntary	Fair value reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the year ended 31 December 2018 -									
Balance as at 1 January 2018	26,383,725	746,349	2,627,073	154,602	(153,675)	(108,401)	29,649,673	1,977,918	31,627,591
Effect of adopting IFRS 9	-	-	-	-	766,818	(916,818)	(150,000)	-	(150,000)
Restated balance as of 1 January 2018	26,383,725	746,349	2,627,073	154,602	613,143	(1,025,219)	29,499,673	1,977,918	31,477,591
Total comprehensive income for the year	-	-	-	-	(867,023)	(411,959)	(1,278,982)	(43,503)	(1,322,485)
Loss from selling financial assets at fair value through other comprehensive income	-	-	-	-	1,749	(1,749)	-	-	-
Balance as of 31 December 2018	26,383,725	746,349	2,627,073	154,602	(252,131)	(1,438,927)	28,220,691	1,934,415	30,155,106
For the year ended 31 December 2017 -									
Balance as at 1 January 2018	25,783,125	746,349	2,578,727	755,202	(132,210)	(762,259)	28,968,934	2,235,475	31,204,409
Shares dividends (note 14)	600,600	-	-	(600,600)	-	-	-	-	-
Acquisition of non-controlling interests (Note 30)	-	-	-	-	-	232,225	232,225	(232,225)	-
Transferred to statutory reserve	-	-	48,346	-	-	(48,346)	-	-	-
Total comprehensive income for the year	-	-	-	-	(21,465)	469,979	448,514	(25,332)	423,182
Balance as of 31 December 2017	26,383,725	746,349	2,627,073	154,602	(153,675)	(108,401)	29,649,673	1,977,918	31,627,591

The accompanying notes from 1 to 30 form part of these consolidated financial statements

JORDAN INVESTMENT TRUST COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
OPERATING ACTIVITIES		JD	JD
(Loss) profit for the year from continued operations before tax		(415,542)	434,799
Profit for the year from discontinued operations before tax		-	45,300
(Loss) profit for the year before tax		(415,542)	480,099
Adjustments for -			
Interest Income		(19,131)	(31,092)
Provision for expected credit loss	5	46,711	-
Provision for doubtful debts		-	142,443
Depreciation and amortization		265,339	336,926
Loss (gain) on revaluation of financial assets at fair value through profit and loss		457,330	(437,389)
Share of profit from associates		(823,709)	(955,638)
Gain from sale of a subsidiary		-	(97,904)
Gain on sale of property and equipment		-	(16,700)
Changes in working capital -			
Financial assets at fair value through profit or loss		(275,344)	(51,215)
Accounts receivable and other debit balances		42,675	(72,380)
Accounts payable and other credit balances		(205,430)	(67,794)
Income tax paid		(75,503)	(44,999)
Net cash used in operating activities		(1,002,604)	(815,643)
INVESTING ACTIVITIES			
Sell (purchase) of financial assets at fair value through other comprehensive income		16,550	-
Proceeds from sale of property and equipment		-	16,700
Purchase of property and equipment		(56,000)	(22,906)
Purchase of investment property		(121,498)	(44,959)
Dividends received from associate investments		-	1,442,259
Net cash proceed from sale of a subsidiary		-	430,313
Interest income received		19,131	31,092
Net cash (used in) from investing activities		(141,817)	1,852,499
FINANCING ACTIVITIES			
Loans		413,520	(400,110)
Net cash from (used in) financing activities		413,520	(400,110)
Net (decrease) increase in cash and cash equivalents		(730,901)	636,746
Cash and cash equivalents at beginning of the year		1,016,777	380,031
Cash and cash equivalents at end of the year		285,876	1,016,777

The accompanying notes from 1 to 30 form part of these consolidated financial statements

(1) GENERAL

Jordan Investment Trust was incorporated in Jordan as a public shareholding company and registered on April 23, 1998 with an authorized capital of JD 20,000,000 divided into 20,000,000 shares, at a par value of 1JD each. The authorized and paid up capital was increased several times during previous years to reach JD 29,513,889.

The main objectives of the Company are to invest in all available fields of investment in industrial, agricultural, financial, real estate, tourism and services sectors, and in particular to purchase and hold shares, allotments, real estate, bonds and manage investment portfolios. Other activities include, providing consulting services and capital market operations services which support and foster investment, acting as a broker in organizing the capital financing operations required for establishment, expansion and development of the companies including the undertakings of issuance of shares and bond or participate with the gatherings that aim to such undertakings.

The Company's registered office is located in Jabal Amman, Amman – The Hashemite Kingdom of Jordan.

The main objectives of the subsidiaries are to invest in all available fields of investment.

The financial statements were authorized for issue by the Board of Directors in their meeting held on 14 February 2019. These financial statements require the General Assembly's approval.

The Company's shares are listed in Amman stock Exchange.

(2) BASIS OF PREPARATION AND THE ACCOUNTING POLICIES

Basis of preparation

The accompanying consolidated financial statements for the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations (IFRICs).

The financial statements are prepared under the historical cost convention except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value in the consolidation financial statements date.

The financial statements have been presented in Jordanian Dinars "JD" which is the functional currency of the Group.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Jordan Investment Trust company and its wholly owned subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Group controls an investee only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, profits and losses relating to transactions between members of the Group are eliminated.

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the translation reserve of the foreign currencies
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained in the subsidiary;
- Recognises profit or loss resulting from controlling loss ; and
- Reclassifies the company's share of components previously recognised in other comprehensive income to profit or loss.

Use of Estimates

The preparation of the consolidated 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 in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2017 except for the followings:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The adoption of IFRS 15 does not have any impact on the Group's financial statements.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group had previously implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The standard has been applied retrospectively and, in line with IFRS 9, comparative amounts have not been restated.

The standard eliminates the use of the IAS 39 incurred loss impairment model approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For all debt instruments, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses.

The effect of the change in accounting policy on the items of the consolidated financial statements is as follows:

	Before restatement	Re-classification	ECL calculation	After restatement
	JD	JD	JD	JD
Accumulated losses	(108,401)	(766,818)	(150,000)	(1,025,219)
Financial assets at fair value through profit or loss	7,154,099	(3,164,558)	-	3,989,541
Fair value reserve	(153,675)	766,818	-	613,143
Financial assets at fair value through other comprehensive income	108,333	3,164,558	-	3,272,891

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Group's financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

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

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

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

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instrument standard, IFRS 9, before implementing IFRS 17 *insurance contracts,* which replaces IFRS 4. The amendments introduce two options for entities issuing contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

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

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

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

Accounts receivable

Accounts receivable are stated at original invoice amount less any allowance for any uncollectible amounts, the Company applies the standard's simplified approach and calculates ECL based on lifetime expected credit losses. The Company establishes a study that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment in accordance with IFRS 9.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associates initially recognised at cost, the carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associates since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is not amortised.

The consolidated income statement reflects the Group's share of the results of operations of the associates. When there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

Operating lease

Company as a lessee
Operating lease payments are recognized as an expense in the statement of income using the straight-line basis over the lease term.

Company as a lessor
Operating lease revenues are recognized as rental income in the statement of income using the straight-line basis over the lease term.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value if any. Land is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	%
Buildings	2
Equipments	5-25
Furniture , fixtures and decorations	10-20
Vehicles	10

If the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The impairment loss is recorded in the consolidated income statement.

The useful life of the properties and equipment is reviewed at the end of the year . If such expectations differ from the previously estimates , the change shall be accounted for in the subsequent years as changes in such estimates.

Property and equipment are excluded when disposed or when it's use has no expected future benefits.

Investment property

Investment properties are measured at cost less any accumulated depreciation.

Investment properties (except lands) are depreciated in accordance with their useful lives on a straight-line basis using annual depreciation rate of 2%.

When the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The impairment loss is recorded in the consolidated income statement.

Income tax

The income tax provision is calculated in accordance with the Income Tax Law No. 34 of 2014 and IAS 12 which requires the recognition of deferred taxes resulting from the temporary differences between the carrying amount of an asset or liability and its tax base.

Term loans

All loans and borrowings are recognized at fair value plus direct attributable costs. Interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, bank balances and short term deposits with an original maturity of three months or less after deducting due to banks.

Revenue and expenses Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue from brokerage services is recognized when the customer's financial securities are traded.

Revenue from food and beverage is recognized when the service is performed and customers are invoiced.

Interest revenue is recognized as interest accrues using the effective interest rate method.

Dividends are recognized when they are approved by the general assemblies of the investees.

Other revenues are recognized on an accrual basis.

Expenses are recognized on an accrual basis.

Loans Interest

Interest on loans are accounted for on effective interest method basis.

Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated into respective functional currencies at rates of exchange prevailing at the reporting date as issued by Central Bank of Jordan.

Monetary assets and liabilities in foreign currencies are translated into respective functional currencies at fair value at the respective date.

Gains and losses resulting from foreign currencies translation shall be recorded in the consolidated statement of income.

Translation differences on non-monetary items carried at fair value (such as stocks) are included as part of the changes in fair value.

Offsetting

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

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

Fiduciary assets

Assets held in a fiduciary capacity are not recognized as assets of the Group. Fees and commissions received for managing such assets are recognized in the consolidated income statement. Impairment loss is recognized in the consolidated income statement for the decline in fair value of guaranteed fiduciary assets below their original principal amount.

Fair value

The Group measures financial instruments such as financial assets at fair value at the financial statements date as illustrated in disclosure (25).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

In case of unavailable main market, The principal or the most advantageous market for assets or liabilities must be accessible to by the Group.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of financial assets

The Group assesses at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets has been permanently impaired. The value of a financial asset or group of financial assets deemed to be impaired, just in case there is an objective evidence of impairment as a result of one or more events that occurred after the initial installation of the assets (for "loss event ') and this event impact on future cash flows of a financial asset or group of financial assets that can be reasonably estimated.. Impairment guide may include indications that the debtor or a group of borrowers are experiencing significant financial difficulty or neglect or default in interest payments or principal amount and they are likely subject to bankruptcy or other financial restructuring and when observable data indicate that there is a measurable decrease in cash flow estimated future such as changes in economic conditions associated with the default.

Impairment of non-financial assets

The Group assesses at the reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, the current transactions in the market are to be considered if any, otherwise an appropriate valuation model has to be used These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

(3) CASH ON HAND AND AT BANKS

This item represents the following:

	2018	2017
	JD	JD
Cash on hand	740	419
Call deposits*	37,613	55,203
Time deposits *	182,786	743,722
Current accounts	64,737	217,433
	285,876	1,016,777

* Time deposits represent monthly deposits in Jordanian Dinar with an annual average interest rate from 3.25% - 5%.

(4) FINANCIAL ASSETS AT FAIR VALUE

A. Financial assets at fair value through profit or loss

	2018	2017
	JD	JD
Investments in shares of listed companies	1,894,156	6,121,042
Investments in shares of unlisted companies	-	1,033,057
	1,894,156	7,154,099

In January 2018, the Group implemented IFRS (9) that resulted in a reclassification of Financial assets with an amount of JD 1,033,057 from financial assets through profit or loss to financial assets through other comprehensive income due to change in the business model and the purpose of holding these investments.

B. Financial assets at fair value through other comprehensive income

	2018	2017
	JD	JD
Shares Investment in listed companies	3,555,309	108,333
Shares Investment in unlisted companies	700,698	-
	4,256,007	108,333

* The financial assets at fair value through other comprehensive income include investments with an amount of JD 283,057 registered for others on behalf of Jordan investment trust company (Nominee account).

The movement on the fair value reserve:

	2018	2017
	JD	JD
Balance as of January 1	(153,675)	(132,210)
Effect of adopting IFRS (9)	766,818	-
Balance as of January 1 (restated)	613,143	(132,210)
Change in fair value during the year	(865,274)	(21,465)
Balance as of December 31	(252,131)	(153,675)

(5) ACCOUNTS RECEIVABLE - NET

This item represents the following:

	2018	2017
	JD	JD
Brokerage receivables	639,185	648,587
Employees' receivables	10,129	10,130
Less: provision for doubtful debts	(546,817)	(500,106)
	102,497	158,611

Movement on the allowance for expected credit loss (ECL) is as follows:

	2018	2017
	JD	JD
Balance as of January 1	500,106	472,663
Additions during the year	46,711	27,443
Balance as of December 31	546,817	500,106

As at 31 December, the aging of unimpaired receivables is as follows:

	Past due not impaired				
	31-90 days	91-180 days	181-360 days	Over 360 days	Total
	JD	JD	JD	JD	JD
2018	-	-	10,479	92,018	102,497
2017	-	-	42,006	116,605	158,611

Unimpaired receivables are expected to be fully recoverable based on the Group's management opinion, although the vast majority of the brokerage receivables are guaranteed by the customer's portfolios.

(6) INVESTMENT IN ASSOCIATE

This item represents the following:

	Ownership percentage	Country of incorporation	Nature of activity	2018	2017
	%			JD	JD
First Education Holding	31.6	Bahrain	Education	13,313,523	12,489,814

The following table illustrates the movement on the investments in associate:

	2018	2017
	JD	JD
Balance as of 1 January	12,489,814	12,976,435
Gain from associate liquidation*	-	95,497
Group net share from profit	823,709	860,141
Dividends received from associate	-	(1,442,259)
Balance as of December 31	13,313,523	12,489,814

* During 2017 EDCAP an associate has been liquidated, which resulted in a gain for an amount of JD 95,497.

Summary of financial position Statement:

	2018	2017
	JD'000	JD'000
Current assets	19,729	14,871
Non – current assets	41,539	42,093
Current liabilities	(19,350)	(17,714)
Non – current liabilities	(580)	(525)
Net assets	41,338	38,725
Group Share from assets and liabilities	13,053	12,229
Embedded goodwill	260	260
Book Value of Investment	13,313	12,489

Summary of Income statement:

	2018	2017
	JD'000	JD'000
Revenue	18,654	17,301
Expenses	(16,040)	(14,578)
Profit of the year	2,614	2,723
Group share of income	824	860

(7) OTHER DEBIT BALANCES

This item consists of the following:

	2018	2017
	JD	JD
Income tax deposits	68,672	65,139
Prepaid expenses	36,429	51,035
Refundable deposits	79,254	79,254
Subsidiaries raw materials inventory	-	23,371
Account receivables - investments	340,096	340,096
Deferred tax asset	40,000	-
Rent receivable	72,753	51,107
Others	138,429	112,192
	775,633	722,194
Less: provision for expected credit loss	(365,000)	(215,000)
	410,633	507,194

The movement on the provision for expected credit loss was as follows:

	2018	2017
	JD	JD
Balance as of January 1	215,000	100,000
Effect of adopting IFRS (9)	150,000	-
Balance as of January 1 (restated)	365,000	100,000
Provision for the year	-	115,000
Balance as of December 31	365,000	215,000

(8) PROPERTY AND EQUIPMENT

This item consists of the following:

	Land *	Buildings	Equipment	Furniture, Fixtures and decorations	Vehicles	Total
2018 -	JD	JD	JD	JD	JD	JD
Cost -						
Balance as of 1 January 2018	895,953	1,660,985	1,238,975	1,188,390	136,304	5,120,607
Additions	-	-	50,664	5,336	-	56,000
Balance as of 31 December 2018	895,953	1,660,985	1,289,639	1,193,726	136,304	5,176,607
Accumulated Depreciation -						
Balance as of 1 January 2018	-	491,855	1,233,163	948,008	42,964	2,715,990
Additions	-	28,970	39,574	119,373	17,531	205,448
Balance as of 31 December 2018	-	520,825	1,272,737	1,067,381	60,495	2,921,438
Net Book Value -						
31 December 2018	895,953	1,140,160	16,902	126,345	75,809	2,255,169

* This item includes mortgaged land in an amount of JD 900,000 against the bank loan obtained from the Bank of Jordan (Note 10).

	Land *	Buildings	Equipment	Furniture, Fixtures and decorations	Vehicles	Total
2017 -	JD	JD	JD	JD	JD	JD
Cost -						
Balance as of 1 January 2017	895,953	1,660,985	1,391,815	1,268,892	220,120	5,437,765
Additions	-	-	19,901	3,005	-	22,906
Disposals	-	-	-	-	(65,000)	(65,000)
Sale of a subsidiary (note 13)	-	-	(172,741)	(83,507)	(18,816)	(275,064)
Balance as of 31 December 2018	895,953	1,660,985	1,238,975	1,188,390	136,304	5,120,607
Accumulated Depreciation -						
Balance as of 1 January 2017	-	462,885	1,259,919	882,355	96,688	2,701,847
Additions	-	28,970	60,468	108,060	17,840	215,338
Disposals	-	-	-	-	(65,000)	(65,000)
Sale of a subsidiary (note 13)	-	-	(87,224)	(42,407)	(6,564)	(136,195)
Balance as of 31 December 2017	-	491,855	1,233,163	948,008	42,964	2,715,990
Net Book Value -						
31 December 2017	895,953	1,169,130	5,812	240,382	93,340	2,404,617

(9) INVESTMENT PROPERTIES

This item consists of the following:

2018 -	Land	Buildings	Projects under construction	Advanced payment for investment property*	Total
	JD	JD	JD	JD	JD
Cost -					
Balance as of 1January 2018	2,712,722	4,984,375	1,944,013	120,349	9,761,459
Additions	6,301	113,141	-	2,056	121,498
Balance as of 31 December 2018	2,719,023	5,097,516	1,944,013	122,405	9,882,957
Accumulated Depreciation -					
Balance as of 1January 2018	-	(569,444)	-	-	(569,444)
Deprecation for the year	-	(59,891)	-	-	(59,891)
Balance as of 31 December 2018	-	(629,335)	-	-	(629,335)
Net Book Value -					
31 December 2018	2,719,023	4,468,181	1,944,013	122,405	9,253,622

2017 -	Land	Buildings	Projects under construction	Advanced payment for investment property*	Total
	JD	JD	JD	JD	JD
Cost -					
Balance as of 1January 2017	2,700,204	4,951,935	1,944,013	120,349	9,716,501
Additions	12,518	32,440	-	-	44,958
Balance as of 31 December 2017	2,712,722	4,984,375	1,944,013	120,349	9,761,459
Accumulated Depreciation -					
Balance as of 1January 2017	-	509,555	-	-	509,555
Deprecation for the year	-	59,889	-	-	59,889
Balance as of 31 December 2017	-	569,444	-	-	569,444
Net Book Value -					
31 December 2017	2,712,722	4,414,931	1,944,013	120,349	9,192,015

* This item represents an advanced payment for property investment outside Jordan. The apartment is expected to be completed in 2019 at a total cost of JD 1,102,750.

- The fair value of the investment properties as assessed by the real state evaluator equals an amount of JD 11,734,569 as of 31 December 2018 (31 December 2017: JD 11,886,588).

- Properties item includes three apartments with a total area of nearly 220 square meters with a book value of JD 161,932, the apartments promise of sale contract was registered in the name of Al-Ihdathiat for real estate company (subsidiary) on the 30 November 2011, the apartments are not yet transferred to the Group as of reporting date.

(10) LOANS

This item consist of the following:

	Loan installments			
	Short term	Long term	2018	2017
	JD	JD	JD	JD
The Bank of Jordan (1)	33,000	59,347	92,347	206,431
The Bank of Jordan (2)	12,396	37,212	49,608	62,004
The Bank of Jordan (3)	81,000	459,000	540,000	-
			681,955	268,435

The Bank of Jordan Loan (1)

On 2 September 2010, the Group signed a loan agreement with the Bank of Jordan for an amount of JD 1,650,000 with an annual interest rate of 8.5%. the loan is repayable after a grace period of 2 years in 60 equal monthly installment of JD 32,616 each, the first of which fell due on 19 September 2012 until the final settlement, the loan is secured by the mortgage of the property owned by Al Tawon Real Estate Management Company which is equal to JD 900,000, During 2017 an amount of JD 460,099 was paid of the loan balance without any penalty for early settlement and loan was rescheduled so first installment will be due on 14 November 2017 and the final installment on 14 October 2018, in 2018 the loan was rescheduled and the monthly installment was now JD 2,750 instead of JD 32,616 starting from 14 November 2018, in addition to increase the interest rate to 9%.

The Bank of Jordan Loan (2)

On 11 January 2017, the Group signed a loan agreement with the Bank of Jordan for an amount of JD 74,400 with an annual interest rate of 8.75%. the loan is repayable in 60 equal monthly installment of JD 1,033 each, the first of which fell due on 31 December 2017 until the final settlement. The loan is used to finance the purchase of a car that was purchased at the end of 2017.

The Bank of Jordan Loan (3)

On 2 October 2018, the Group signed a loan agreement with the Bank of Jordan for an amount of JD 540,000 with an annual interest rate of 9%. the loan is repayable in 60 equal monthly installment of JD 9,000 each, the first of which fell due on 21 April 2018 until the final settlement. The loan is secured by the mortgage of the property owned by AlTawon Real Estate Management Company by JD 900,000.

(11) OTHER CURRENT LIABILITIES

This item consist of the following:

	2018	2017
	JD	JD
Portfolios payables	203,139	205,341
Withholding deposits	47,378	37,561
Postdated checks	7,383	3,315
Bonuses and incentives for employees	10,258	15,762
Provision for employees' end of service indemnities	-	88,408
Provision for employees' vacation allowance	55,003	53,204
Accrued expenses	48,855	44,667
Due to shareholders	124,436	124,475
Provision for income tax (Note 19)	40,251	35,834
Others	346,632	403,225
	883,335	1,011,792

(12) DISCONTINUED OPERATIONS

On 1 August 2017 the Group sold Al-Mota'dedeh for Restaurants Management (subsidiary), that own 100% of it for an amount of JD 475,000. The date of the transfer of the ownership of the company was considered to be 30 June 2017 according to the agreement with the buyer. Accordingly, the Company's results were reclassified as discontinued operations for the year ending on 31 December 2017.

During August 2018 the Group discontinued the work of the Arabian Coffee Company (subsidiary), the net result of the company up to the closure date 31 August 2018 was JD 66,288.

(13) EQUITY

Paid in capital -
The authorized capital amounted to JD 29,513,889 at a par value JD 1 per share.

The details of the capital are as follows:

	2018	2017
	JD	JD
Subscribed and paid in capital	29,513,889	29,513,889
Treasury shares owned by the parent company	(292,609)	(292,609)
Treasury shares	(2,837,555)	(2,837,555)
	26,383,725	26,383,725

Treasury shares represent a total of 2,053,806 shares owned by Trust and Dubai investment company which became a subsidiary of Jordan Investment Trust Company on January 1, 2010. The cost of these shares amounted to JD 2,837,555 on the date of acquisition. Note that the company has purchased these shares before the date of acquisition.

Share premium -
This amount represents the difference between the par value of the shares issued and their issue price at the date of issuance.

Statutory reserve -
This amount represents appropriations not exceeding 10% of the annual earnings before income tax during the previous years according to the companies law, this reserve is not available for distribution to shareholders.

Voluntary reserve -
This amount represents appropriations not exceeding 20% of annual earnings before income tax during the previous years according to the companies law, this reserve is available for distribution to shareholders.

(14) NON-CONTROLLING INTERESTS

This note represents the net non-controlling interests' in subsidiaries.

	2018	2017
	JD	JD
Al - Ihdathiat Real Estate Company	1,649,324	1,660,298
Imcan for Financial Services	285,091	317,620
	1,934,415	1,977,918

(15) GAINS (LOSSES) FROM FINANCIAL ASSETS

	2018	2017
	JD	JD
Realized gains (losses)	3,154	(71,211)
Change in fair value	(457,330)	437,389
Shares dividends income	210,840	203,852
	(243,336)	570,030

(16) OTHER INCOME

	2018	2017
	JD	JD
Food and beverage sales	22,835	136,680
Rent revenue	129,372	108,571
Other	14,769	25,409
	166,976	270,660

(17) OTHER EXPENSES

This item represents the cost of sales of food and beverage in the subsidiaries.

(18) ADMINISTRATIVE EXPENSES

	2018	2017
	JD	JD
Salaries, wages and employees' benefits	368,986	385,785
Travel and transportation	35,601	26,249
Rent	17,060	45,151
Legal and professional fees	92,595	63,646
Insurance	8,597	8,067
Properties Tax expense	28,575	26,828
Mail and telephone	21,329	25,487
Stationary and publications	5,937	8,122
Advertisement	6,254	5,179
Hospitality	4,370	3,201
Government fees and licenses	42,612	54,196
Cleaning and maintenance services	37,723	32,635
Subscriptions	15,301	14,052
Donations	30,000	55,320
Depreciation	265,339	258,342
Amortization	-	61,492
Training	13,080	8,699
Board of Directors transportation	17,850	14,000
Franchise fees	1,348	8,025
Water and electricity	9,332	25,403
Doubtful debts expense	-	142,443
Expected credit losses	46,711	-
Others	49,187	36,416
	1,117,787	1,308,738

(19) INCOME TAX

Income tax provision -

Movement on income tax provision is as follows:

	2018	2017
	JD	JD
Balance as of 1 January	35,834	45,381
Income tax provision	39,920	35,452
Paid income tax	(75,503)	(44,999)
Deferred tax assets	40,000	-
Balance as of 31 December	40,251	35,834

Jordan Investment Trust Company has reached a final settlement with the Income tax department until the end of the financial year of 2013, the Income tax department reviewed Jordan Investment Trust Company's accounting records for the years 2014 and 2015 and reached a decision as not to accept the accumulated losses for the year 2009 which is still pending before court as no decision was reached till this date. The company claimed total income tax for the year 2014 for an amount of JD 52,125 in addition to a legal compensation equal to JD 40,900, in 2015 income tax claimed was JD 206,365 which raised an objection in the court of law the decision was issued by the first instance court to cancel the entire tax imposed after the deduction of the losses incurred in 2009. The income and sales tax department appealed the decision to the court and no decision was reached to the date of preparing these financial statements.

Jordan Investment Trust Company submitted the tax declaration for the year 2017 and 2016, however the income tax department did not review it to the date of preparing these financial statements.

The Income Tax Department reviewed the subsidiary Imcan for financial services (Subsidiary) accounting records for the years from 2007 and 2008 and decided to impose income tax differences for those years the company appealed the decisions issued. A final decision was issued by the court on 12 February 2018 to cancel the tax imposed for 2007 and to impose a tax of JD 57,215 for 2008.

Imcan submitted their annual declaration for the years from 2015 to 2017, however the income tax department did not review it to the date of preparing these financial statements. A final settlement was reached with the income tax department up to the year 2014.

(20) EARNINGS PER SHARE

	2018	2017
	JD	JD
(Loss) profit for the year attributable to shareholders (JD)	(411,959)	469,979
Weighted average number of shares (share)	27,270,078	27,270,078
	Fils /JD	Fils JD
Basic and diluted (losses) earnings per share	(0/015)	0/017

(21) CONTINGENT LIABILITIES

Bank Guarantees:

As of the date of the financial statements, the Group is contingently liable in respect of a bank guarantee amounting to JD 1,440,000 as of 31 December 2018 (2017: JD 1,440,000) for the benefit of the Jordan Securities Commission in accordance with the Jordan Securities Commission Law No. 76 of 2007, in addition to other bank letters of guarantee for the benefit of the Securities Depository Center amounted to JD 300,000 as of 31 December 2018 (2017: JD 300,000).

Litigations held against the group:

The group has been sued in a number of legal claims related to its activities amounting to JD 1,930 (2017: JD 73,707).

In the estimation of the Group's management and the legal counsel, the group will have no obligation in excess of the provision recorded as of 31 December 2018 and 31 December 2017.

(22) OFF-BALANCE SHEET ITEMS

The Group holds investments for others amounting to JD 657,560 as at 31 December 2018 (2017: JD 544,940).

(23) RELATED PARTIES TRANSACTIONS

Related parties Transactions represent the transactions made with associated companies, major shareholders, directors, and key management personnel of the Group, and entities which have main controlling shareholders.

Pricing policies and terms of the transactions with related parties are approved by the Group's management.

Subsidiaries

The consolidated financial statements include the financial statements of Jordan Investment Trust Company and the subsidiaries listed in the following table:

Company's name	Country of incorporation	Ownership percentage	Company's capital 2018	Company's capital 2017
		%	JD	JD
Medical Clinics	Jordan	100	1,958,843	1,958,843
Imcan for Financial Services	Jordan	73	1,300,000	1,300,000
Akar Limited Company	British Virgin Islands	100	300,000	300,000
Amwaj Financial Investments	Jordan	100	60,000	60,000
Mazaya Financial Investments	Jordan	100	60,000	60,000
Burhan Al-Thiqa Financial Investments	Jordan	100	60,000	60,000
Knowledge Bases Financial Investments	Jordan	100	60,000	60,000
Al Rafah Financial Investments	Jordan	100	60,000	60,000
Trust and Sham Financial Investments	Jordan	100	81,000	81,000
Trust and Hospitality Financial Investments	Jordan	100	2,000,000	2,000,000
Al Sahel Financial Investments	Jordan	100	60,000	60,000
The Arabian Coffee	Jordan	100	60,000	60,000
Zohoor Al-Thiqa for Real Estate	Jordan	100	50,000	50,000
Al Olbah Real Estate	Jordan	100	50,000	50,000
Al Tawon for Real Estate Management	Jordan	100	10,000	10,000
Al-Ihdathiat Real Estate Company	Jordan	58	4,486,627	4,486,627
Trust and Dubai Investment	Jordan	100	2,334,842	2,334,842

Executive management's Compensations and remunerations

The remuneration of executive management was as follows:

	2018	2017
	JD	JD
Salaries and bonuses	232,116	218,847

Account receivables and payables include related parties transactions as follows:

	2018	2017
	JD	JD
Account receivables	5,678	5,398

The balances shown in the end of the year represent balances resulting from the main operations of the company.

Related parties transactions represented in the consolidated comprehensive income statement is as follows:

	2018	2017
	JD	JD
Brokerage commissions income	1,744	4,562

(24) MATERIAL SUBSIDIARIES AND PARTIALLY OWNED BY THE GROUP

Below is the financial information of related parties, where the balance of non-controlling interest is material:

Company's name	Country of incorporation	Nature of activity	Ownership percentage 2018	Ownership percentage 2017
Al-Ihdathiat Real Estate Company	Jordan	Property Investments	58.28%	58.28%
Imcan for Financial Services	Jordan	Brokerage	73.22%	73,22%

Below is the summary of financial information for subsidiaries. The following information represent the amounts before the elimination of related parties' transactions.

a. Summary of financial position statement

	Imcan for Financial Services Company		Al-Ihdathiat Real Estate Company	
	2018	2017	2018	2017
	JD	JD	JD	JD
Current assets	267,490	1,356,743	41,079	58,539
Non- current assets	796,710	50,861	3,409,708	3,412,592
Current Liabilities	(206,649)	(221,569)	(100,384)	(94,856)
Net equity	857,551	1,186,035	3,350,403	3,376,275
Non- controlling interest	285,091	317,620	1,649,324	1,660,298

b. Summary of income statement

	Imcan for Financial Services Company		Al-Ihdathiat Real Estate Company	
	2018	2017	2018	2017
	JD	JD	JD	JD
Total revenues	22,558	443,781	4,766	7,415
Total expenses	(141,787)	(484,901)	(31,065)	(36,242)
Loss for the year	(119,229)	(41,120)	(26,299)	(28,827)

c. Summary of cash flow statement

	Imcan for Financial Services Company		Al-Ihdathiat Real Estate Company	
	2018	2017	2018	2017
	JD	JD	JD	JD
Cash flow				
Operating activities	(185,293)	21,660	(18,407)	(24,266)
Investing activities	16,498	-	1,209	2,735
Financing activities	58,923	(1,756)	-	-
Net (decrease) increase in cash and cash equivalents	(109,872)	19,904	(17,198)	(21,531)

(25) FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, financial assets at fair value through profit or loss, customers' accounts receivables, financial assets at fair value through other comprehensive income, amounts due from related parties and some other current assets. Financial liabilities consist of due to banks, loans, customers' accounts payable amounts, due to related parties and some other credit balances.

The fair value of financial instruments is not materially different from its carrying values.

For the purpose of the measurement and presentation of the fair value of financial instruments, the Group uses the following hierarchy:

First level: The market prices in effective markets for the same assets and liabilities.

Third level: Other techniques, where all inputs that have a significant impact on the fair value but not based on market information that can be observed.

The following table represents financial instruments at fair value analysis and based on the hierarchy mentioned above:

	First level	Third level	Total
	JD	JD	JD
2018 -			
Financial assets			
Financial assets at fair value through profit or loss	1,894,156	-	1,894,156
Financial assets at fair value through other comprehensive income	3,555,309	700,698	4,256,007
2017 -			
Financial assets			
Financial assets at fair value through profit or loss	6,121,042	1,033,057	7,154,099
Financial assets at fair value through other comprehensive income	108,333	-	108,333

(26) RISK MANAGEMENT

Interest rate risk

Interest rate risk arises from the possible impact of changes in interest rates on the fair value or future cash flows of financial instruments.

The Group is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, due to banks and loans).

The following table demonstrates the sensitivity of the income statement to reasonably possible changes in interest rates as of 31 December, with all other variables held constant.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

	Increase in basis points	*Effect on loss*
	(Point)	*JD*
2018		
currency		
JD	100	4,616

	Increase in basis points	*Effect on profit*
	(Point)	*JD*
2017		
currency		
JD	100	(5,305)

The effect of decrease in interest rates is expected to be equal and opposite to the effect of the increase shown above.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial commitments as they fall due.

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The Group limits its liquidity risk by ensuring that the bank facilities are available.

The table below summarises the maturities of the Group's (undiscounted) financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

	Less than 3 months	*3 to 12 months*	*1 to 5 years*	*Total*
31 December 2018	JD	JD	JD	JD
Loans	13,200	120,553	603,707	737,460
Brokerage payable	51,086	-	-	51,086
Other Credit Balances	777,274	-	-	777,274
Total	841,560	120,553	603,707	1,565,820
31 December 2017				
Loans	8,743	225,620	58,088	292,451
Brokerage payable	123,642	-	-	123,642
Other Credit Balances	818,034	-	-	818,034
Total	950,419	225,620	58,088	1,234,127

Equity price risk
The following table demonstrates the sensitivity of the consolidated income statement and the cumulative changes in fair value attributed to reasonably possible changes in equity prices, with all other variables held constant.

	Change in equity price	Effect on loss	Effect on equity
2018 -	*%*	*JD*	*JD*
Index			
Amman Stock Market	+5	(94,708)	229,418

	Change in equity price	Effect on gain	Effect on equity
	%	*JD*	*JD*
2017 -			
Index			
Amman Stock Market	+5	306,052	4,516

The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

Credit risk
This is the risk that the debtors and other parties will fail to discharge their obligations to the Group.

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Group has its deposits and funds in leading financial institutions.

Currency risk
Most of the Group's transactions are in Jordanian Dinar and US Dollars. The Jordanian Dinar is fixed against US Dollar therefore currency risk is considered not significant.

(27) SEGMENTAL INFORMATION

Segmental information for the basic sectors:

For management purposes, the Group is organized into two major business segments:

Financial investments - Principally trading in equities and bonds, in addition to investment in associates and deposits at banks and act as a custodian.

Investment properties - Principally trading and renting properties and land owned by the Group.

These segments are the basis on which the Group reports its primary segment information.

	Financial Investments	Investment properties	Others	Total
	JD'000	JD'000	JD'000	JD'000
2018 -				
Segment (losses) revenues	620	129	37	786
Distributed expenses	(740)	(100)	(362)	(1,202)
Loss before income tax	(120)	29	(325)	(416)
Income tax expense				(39)
Loss for the year from continuing operations after tax				(455)

	Financial Investments	Investment properties	Others	Total
	JD'000	JD'000	JD'000	JD'000
2017 -				
Segment revenues (losses)	1,582	109	179	1,870
Distributed expenses	(823)	(104)	(508)	(1,435)
Profit before income tax	759	5	(329)	435
Income tax expense				(35)
Profit for the year from continuing operations after tax				400
2018 -				
Assets and Liabilities				
Segment assets	22,004	9,254	513	31,771
Segment liabilities	(2,214)	(63)	661	(1,616)
2017 -				
Assets and Liabilities				
Segment assets	23,173	9,192	666	33,031
Segment liabilities	1,048	61	294	1,403

Secondary segment information:

Assets, liabilities and revenues were distributed geographically as follows:

	Local	Foreign	Total
2018 -	JD	JD	JD
Assets	18,049,178	13,722,305	31,771,483
Liabilities	1,616,377	-	1,616,377
Revenues	(36,014)	823,709	787,695

	Local	Foreign	Total
2017 -	JD	JD	JD
Assets	19,983,870	13,047,590	33,031,460
Liabilities	1,403,869	-	1,403,869
Revenues	914,063	955,638	1,869,701

(28) MATURITIES ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

	Within one year	More than one year	Total
	JD	JD	JD
2018 -			
Assets			
Cash on hand and at banks	285,876	-	285,876
Financial assets at fair value through profit or loss	1,890,836	3,320	1,894,156
Financial assets at fair value through other comprehensive income	-	4,256,007	4,256,007
Accounts receivable – net	102,497	-	102,497
Investments in associate	-	13,313,523	13,313,523
Other debit balances	410,633	-	410,633
Investment properties	-	2,255,169	2,255,169
Property and equipment	-	9,253,622	9,253,622
Total assets	2,689,842	29,081,641	31,771,483
Liabilities-			
Loans	126,396	555,559	681,955
Brokerage payable	51,087	-	51,087
Other credit balances	883,335	-	883,335
Total liabilities	1,060,818	555,559	1,616,377
Net	1,629,024	28,526,082	30,155,106
2017 -			
Assets			
Cash on hand and at banks	1,016,777	-	1,016,777
Financial assets at fair value through profit or loss	7,149,825	4,274	7,154,099
Financial assets at fair value through other comprehensive income	-	108,333	108,333
Accounts receivable – net	158,611	-	158,611
Investments in associates	-	12,489,814	12,489,814
Other debit balances	357,098	150,096	507,194
Investment properties	-	2,404,617	2,404,617
Property and equipment	-	9,192,015	9,192,015
Total assets	8,682,311	24,349,149	33,031,460
Liabilities-			
Loans	218,827	49,608	268,435
Brokerage payable	123,642	-	123,642
Other credit balances	1,011,792	-	1,011,792
Total liabilities	1,354,261	49,608	1,403,869
Net	7,328,050	24,299,541	31,627,591

(29) CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions.

The underlying items in capital structure are represented in share capital, treasury shares, share premium, statutory reserve, voluntary reserve, accumulated losses and fair value reserve measured at JD 28,220,691 as at 31 December 2018 (2017: JD 29,649,673).

(30) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group's intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

Transition to IFRS 16

The Group has the option to adopt IFRS 16 retrospectively and restate each prior reporting period presented or using the modified retrospective approach by applying the impact as an adjustment on the opening retained earnings. The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Group will adopt IFRS 16 using the modified retrospective approach. During 2018, the Group has performed a detailed impact assessment of IFRS 16. The Group does not expect a material impact on its balance sheet or equity on applying the requirements of IFRS 16.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1January 2019, but certain transition reliefs are available.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

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

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

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted.