Al Ain Finance PJSC

BOARD OF DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

31 DECEMBER 2019

Al Ain Finance PJSC

BOARD OF DIRECTORS' REPORT

31 DECEMBER 2019

Al Ain Finance PJSC

BOARD OF DIRECTORS' REPORT
For the year ended 31 December 2019

The Board of Directors is pleased to present its report and the audited financial statements of Al Ain Finance PJSC (the "Company") for the year ended 31 December 2019.

Principal activities
The principal activities of the Company are to perform financing business and activities according to the Decretal Federal Law No. (14) of 2018 regarding the Central Bank and organization of Financial Institution and Activities, and the regulation of finance companies, as per Central Bank Circular No. 112/2018 dated 24 April 2018. The Company is specialized in working capital finance to target Small and Medium Sized Enterprise (SME) by offering them range of receivables and supply chain finance solutions such as factoring, invoice discounting etc.

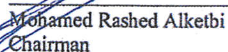
Results:
During the year, the Company has recognised operating income of AED 6,070,066 (2018: AED 1,774,077). The loss for the year amounted to AED 122,538 (2018: AED 2,104,910).

Directors:

As the end of reporting period, the Board of Directors comprises:

Mohamed Rashed Alketbi	-	Chairman
Mohamed Abdolrahim Almulla	-	Managing Director
Abdul Aziz Rashed Alketbi	-	Member
Mahmood Mohammad Hadi Hassan	-	Member
Mohammad Yassine Barraj	-	Member

On behalf of Board of Directors



Mohamed Rashed Alketbi
Chairman

Date: April 13, 2020

P O Box 40283
Abu Dhabi
United Arab Emirates

Al Ain Finance PJSC

FINANCIAL STATEMENTS

31 DECEMBER 2019

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL AIN FINANCE PJSC

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Al Ain Finance PJSC (the "Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Codes of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates, 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

Responsibilities of management and the Board of Directors for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015, 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 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL AIN FINANCE PJSC continued

Report on the Audit of the Financial Statements continued

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with the Board of Directors 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.

Building a better
working world

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL AIN FINANCE PJSC continued

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) the Company has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

iii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015;

iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Company;

v) based on the information that has been made available to us, the Company has not purchased or invested in any shares or stocks during the financial year ended 31 December 2019;

vi) note 12 reflects material related party transactions and the terms under which they were conducted; and

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2019 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would have a material impact on its activities or its financial position as at 31 December 2019.

Signed by
Mohammad Mobin Khan
Partner
Ernst & Young
Registration No. 532

19 April 2020
Abu Dhabi

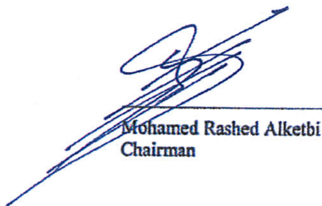
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

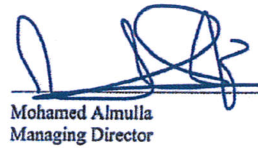
	Notes	***2019*** ***AED***	*2018* *AED*
Interest income on loans and advances		**2,970,317**	496,101
Interest expense on customer's deposit		**-**	(75,000)
Income on bank deposits		**1,626,280**	1,109,738
Net interest income		**4,596,597**	1,530,839
Fee and commission income		**1,473,469**	243,238
OPERATING INCOME		**6,070,066**	1,774,077
General and administrative expenses	3	**(5,797,401)**	(3,818,645)
Provision for impairment of loans and advances	5	**(644,880)**	(60,342)
Other Income		**249,677**	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(122,538)**	(2,104,910)

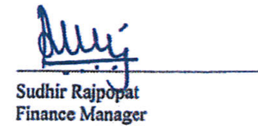
The attached notes 1 to 16 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Notes	***2019*** ***AED***	***2018*** ***AED***
ASSETS			
Cash and bank balances	4	**50,833,940**	47,803,481
Loans and advances, net	5	**47,639,692**	4,095,876
Prepayments and other receivables	6	**199,827**	349,706
Furniture, fixtures and office equipment	7	**124,154**	188,650
Intangible assets	8	**13,865**	24,197
TOTAL ASSETS		**98,811,478**	52,461,910
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Due to a related party	12	**1,414,683**	6,414,683
Other payables	9	**1,864,927**	432,136
Provision for employees' end of service benefits	10	**63,041**	23,726
Total liabilities		**3,342,651**	6,870,545
Shareholders' equity			
Share capital	11	**50,000,000**	50,000,000
Additional capital contribution	11	**50,000,000**	-
Accumulated losses		**(4,699,350)**	(4,408,635)
Impairment reserve	14	**168,177**	-
Total shareholders' equity		**95,468,827**	45,591,365
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**98,811,478**	52,461,910


Mohamed Rashed Alketbi
Chairman


Mohamed Almulla
Managing Director


Sudhir Rajpopat
Finance Manager

The attached notes 1 to 16 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Share capital AED	*Capital contribution AED*	*Accumulated losses AED*	*Impairment reserve AED*	*Total equity AED*
At 1 January 2018	50,000,000	-	(2,303,725)	-	47,696,275
Loss and total comprehensive loss for the year	-	-	(2,104,910)	-	(2,104,910)
Balance at 31 December 2018	50,000,000	-	(4,408,635)	-	45,591,365
At 1 January 2019	50,000,000	-	(4,408,635)	-	45,591,365
Loss and total comprehensive loss for the year	-	-	(122,538)	-	(122,538)
Capital contribution during the year (note 11)	-	50,000,000	-	-	50,000,000
Transfer to impairment reserve (note 14)	-	-	(168,177)	168,177	-
Balance at 31 December 2019	**50,000,000**	**50,000,000**	**(4,699,350)**	**168,177**	**95,468,827**

The attached notes 1 to 16 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	Notes	*2019* *AED*	*2018* *AED*
OPERATING ACTIVITIES			
Loss for the year		**(122,538)**	(2,104,910)
Adjustments for:			
Depreciation	7	**94,257**	72,420
Amortisation	8	**10,332**	10,332
Provision for employees' end of service benefits	10	**43,430**	23,190
Provision for impairment of loans and advances	5	**644,880**	60,342
Interest income on bank deposit		**(1,626,280)**	(1,109,738)
		(955,919)	(3,048,364)
Working capital adjustments:			
Loans and advances, net		**(44,188,696)**	(2,121,889)
Prepayments and other receivables		**97,466**	(173,721)
Customer's deposit		**-**	(5,000,000)
Due to a related party		**(5,000,000)**	5,000,000
Other payables		**1,432,791**	21,194
Cash flows generated from (used in) operations		**(48,614,358)**	(5,322,780)
Employees end of service benefits paid	10	**(4,115)**	(10,531)
Net cash flows used in operating activities		**(48,618,473)**	(5,333,311)
INVESTING ACTIVITIES			
Bank deposits with maturities over 3 months	4	**35,000,000**	-
Interest income received on bank deposit		**1,678,693**	1,109,738
Purchase of property and equipment	7	**(29,761)**	(98,272)
Net cash flows from investing activities		**36,648,932**	1,011,466
FINANCING ACTIVITIY			
Capital contribution during the year		**50,000,000**	-
Net cash flows from financing activity		**50,000,000**	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**38,030,459**	(4,321,845)
Cash and cash equivalents at beginning of the year		**12,803,481**	17,125,326
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	4	**50,833,940**	12,803,481

The attached notes 1 to 16 form part of these financial statements.

1 ACTIVITIES

Al Ain Finance PJSC (the "Company") is a private joint stock company registered and incorporated in the Emirate of Abu Dhabi, United Arab Emirates in accordance with the provisions of the applicable UAE law for Commercial Companies, the U.A.E. Central Bank, the Monetary System and Organisation of Banking Law No. (10) of 1980 and under authority of resolutions of the Board of Directors of the U.A.E. Central Bank relating to Finance Companies.

The Company was incorporated on 13 November 2016 and commenced operations on 15 March 2017.

The principal activities of the Company are to perform financing business and activities according to the decision issued by the Central Bank No. (58/3/96) on finance companies. The Company is specialized in working capital finance to target Small and Medium Sized Enterprise (SME) by offering them range of receivables and supply chain finance solutions such as factoring, invoice discounting etc.

The registered office of the Company is at P O Box 40283, Abu Dhabi, United Arab Emirates (UAE).

The financial statements were authorized for issue by the Board of Directors on 13 April 2020.

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and applicable requirements of the laws in the U.A.E.

The financial statements have been prepared on a historical cost convention.

The financial statements have been presented in United Arab Emirates Dirham (AED), which is the functional currency of the Company.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS effective as of 1 January 2019:

- IFRS 16 Leases;
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments;
- Amendments to IFRS 9 Prepayment Features with Negative Compensation;
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement; and
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures.

Annual improvements 2015-2017 cycle

- IFRS 3 Business Combinations;
- IFRS 11 Joint Arrangements;
- IAS 12 Income Taxes; and
- IAS 23 Borrowing Costs.

The Company applied, for the first time, IFRS 16 Leases. The nature and effect of these changes are disclosed below. The other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Company.

2.2 CHANGES IN ACCOUNTING POLICIES continued

IFRS 16 *Leases*
IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. The Company has assessed that the impact of IFRS 16 is not material on the financial statements of the Company.

2.3 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 Company's financial statements are disclosed below:

- Amendments to IFRS 3: Definition of a Business;
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform;
- Amendments to IAS 1 and IAS 8: Definition of Material;
- The Conceptual Framework for Financial Reporting;
- IFRS 17 Insurance Contracts; and
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of assets between an investor and its associate or joint venture.

The Company does not expect these new standards and amendments to have any significant impact on the financial statements, when implemented in future periods.

2.4 SIGNIFICANT ACCOUNTING POLICIES

Income from fixed deposits and loans and advances
For all financial instruments measured at amortised cost and interest bearing financial instruments, income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised.

2.4 SIGNIFICANT ACCOUNTING POLICIES continued

Fee and commission income
The Company earns fee and commission income from a diverse range of services it provides to its customers. Fee and commission income are recognized when earned by the Company.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

A financial asset is measured at amortised cost, if both the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Classification of financial assets and liabilities continued
A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual
- cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss, unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

Business model assessment
The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about the future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

2.4 SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

Assessment whether contractual cash flows are solely payments of principal and interest:
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition and its related interest which is recognised using the effective interest rate method.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rate.

The Company has classified cash and bank balances and loans and advances, net and certain other assets as financial assets at amortised cost.

Financial liabilities
All financial liabilities are classified as subsequently measured at amortised cost, except for:

- financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts; and
- commitments to provide a loan at a below-market interest rate.

At initial recognition, the Company may irrevocably designate a financial liability as measured at fair value through profit or loss when permitted, or when doing so results in more relevant information, because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the entity's key management personnel.

Reclassification of financial assets and financial liabilities
Where the Company changes its business model for managing financial assets, it reclassifies all affected financial assets. An entity shall not reclassify any financial liability.

Initial measurement
At initial recognition, financial assets and financial liabilities are measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

2.4 SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

Subsequent measurement of financial assets

After initial recognition, an entity shall measure a financial asset in accordance with its classification at:

- amortised cost less impairment;
- fair value through other comprehensive income less impairment; or
- fair value through profit or loss.

Impairment is assessed on the financial assets measured at amortised cost and at fair value through other comprehensive income as disclosed below.

Derecognition of financial assets and liabilities

A financial asset is de-recognised when the contractual rights to the cash flows from the financial asset expires or when it transfers the financial asset. A financial liability is de-recognised when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Offsetting

Financial assets and financial liabilities are offset when the Company has a legally enforceable right to set off the recognised amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

Impairment assessment:

Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a financing by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Measurement of Expected Credit Losses (ECL):

The impairment of financial assets is calculated in accordance with IFRS 9 expected credit loss ("ECL") model. The standard introduces a new single model for the measurement of impairment losses on all financial assets including financing and sukuk measured at amortized cost or at fair value through OCI. The ECL model contains a three-stage approach which is based on the change in credit quality of financial assets since initial recognition. The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.

The Company measure loss allowances at an amount equal to lifetime ECL, except for the financial instruments on which credit risk has not increased significantly since their initial recognition. 12-month ECL are the portion of life time ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

ECL is calculated by multiplying three main components, being the probability of default (PD), loss given default (LGD) and the exposure at default (EAD), and discounting at the initial effective profit rate.

2.4 SIGNIFICANT ACCOUNTING POLICIES continued

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and short-term deposits with original maturity of three months or less.

Furniture, fixtures and office equipment
Furniture, fixtures and office equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Furniture and fixtures	4 years
Office and other equipment	4 years

The carrying values of furniture, fixtures and office equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of furniture, fixtures and office equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of furniture, fixtures and office equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

Intangible assets
Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged on a straight line basis over their estimated useful lives. The estimated useful lives are reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis. Intangible assets mainly include computer software with an estimated useful life of 4 years. Software licenses are amortised over the period of validity of the license.

Customers' deposits
Customers' deposits are carried at amortised cost less amounts repaid.

Impairment of non-financial assets
The Company assesses at each reporting date or more frequently if events or changes in circumstances indicate that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

2.4 SIGNIFICANT ACCOUNTING POLICIES continued

Employees' end of service benefits
The Company provides end of service benefits for its employees. The entitlement to these benefits is usually based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are usually accrued over the period of employment.

Provisions
Provisions are recognised when the Company has an 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.

Foreign currencies
The Company's financial statements are presented in AED, which is its functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the statement of financial position date. All differences are taken to the income statement.

Fair values
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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

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 best economic benefit.

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 Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

Business model assessment
The business model reflects how the Company manages financial assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the financial assets or is to collect both the contractual cash flows and cash flows arising from the sale of financial assets. Factors considered by the Company in determining the business model for a group of financial assets include past experience on how the cash flows for these financial assets were collected, how the financial asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. The Company's business model for the loan book is to hold to collect contractual cash flows.

Significant increase of credit risk
ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative forward looking information.

Establishing groups of assets with similar credit risk characteristics
When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Company monitors the appropriateness of the credit risk characteristics on a timely basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECL, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECL but the amount of ECL changes because the credit risk of the portfolios differ.

Measurement of the expected credit loss allowance
The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL are provided in Note 14.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Measurement of the expected credit loss allowance continued
Key sources of estimation uncertainty
The following are key estimations that the management has used in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

a) Forward-looking scenarios

When measuring ECL the Company uses forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

b) Probability of default (PD)

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

c) Loss Given Default (LGD)

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

Impairment of property and equipment and intangible assets
The Company determines at each reporting date whether there is any objective evidence that the property and equipment and intangible assets are impaired. The carrying values of property and equipment and intangible asstes are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication exists, and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and value in use.

3 GENERAL AND ADMINISTRATIVE EXPENSES

	2019 AED	*2018 AED*
Staff costs	**4,315,502**	2,268,506
Professional charges	**125,965**	293,791
Legal Charges	**203,807**	83,743
Software services fees	**234,670**	286,642
Bank charges	**173,857**	139,165
Office rent	**257,354**	194,802
Depreciation and amortisation (notes 7 & 8)	**104,589**	82,752
Marketing expenses	**19,584**	7,224
Communication expenses	**174,645**	153,083
Others	**187,428**	308,937
	5,797,401	3,818,645

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows consist of the following statement of financial position amounts:

	2019 *AED*	*2018* *AED*
Cash in hand	**810**	2,374
Current accounts with banks	**4,083,130**	6,301,107
Fixed deposits with banks*	**46,750,000**	41,500,000
	50,833,940	47,803,481
Less: fixed deposits with original maturities over three months	**-**	(35,000,000)
Cash and cash equivalents	**50,833,940**	12,803,481

*Fixed deposits represent term deposits held with local bank. These deposits carry a range of profit of 1.23% to 1.9% per year.

5 LOANS AND ADVANCES, NET

	2019 *AED*	*2018* *AED*
Invoice discounting	**44,155,216**	3,606,174
Factoring with recourse	**4,220,678**	581,024
Loans and advances	**48,375,894**	4,187,198
Less: provision for expected credit losses	**(736,202)**	(91,322)
	47,639,692	4,095,876

Movement in provision for expected credit losses:

	2019 *AED*	*2018* *AED*
At 1 January	**91,322**	30,980
Impairment charge for the year (note 14)	**644,880**	60,342
At 31 December	**736,202**	91,322

Loans and advances are provided to customers based in the UAE and are denominated in AED.

6 PREPAYMENTS AND OTHER RECEIVABLES

	2019 *AED*	*2018* *AED*
Interest receivable on bank deposits	**49,105**	101,518
Prepayments and other receivables	**150,722**	248,188
	199,827	349,706

7 FURNITURE, FIXTURES AND OFFICE EQUIPMENT

	Furniture and fixtures *AED*	*Office and other equipment* *AED*	*Total* *AED*
2019			
Cost:			
At 1 January 2019	213,475	143,650	357,125
Additions	3,550	26,211	29,761
At 31 December 2019	**217,025**	**169,861**	**386,886**
Accumulated depreciation:			
At 1 January 2019	107,639	60,836	168,475
Charge for the year	40,289	53,968	94,257
At 31 December 2019	**147,928**	**114,804**	**262,732**
Net book value:			
At 31 December 2019	**69,097**	**55,057**	**124,154**
2018			
Cost:			
At 1 January 2018	142,510	116,343	258,853
Additions	70,965	27,307	98,272
At 31 December 2018	213,475	143,650	357,125
Accumulated depreciation:			
At 1 January 2018	66,854	29,201	96,055
Charge for the year	40,785	31,635	72,420
At 31 December 2018	107,639	60,836	168,475
Net book value:			
At 31 December 2018	105,836	82,814	188,650

8 INTANGIBLE ASSETS

	2019 *AED*	*2018* *AED*
Cost:		
At 31 December	**41,317**	41,317
Accumulated amortisation:		
At 1 January	**17,120**	6,788
Charge for the year	**10,332**	10,332
At 31 December	**27,452**	17,120
Net book value:		
At 31 December	**13,865**	24,197

9 OTHER PAYABLES

	2019 *AED*	*2018* *AED*
Other payables	**1,579,091**	269,777
Accrued expenses	**285,836**	162,359
	1,864,927	432,136

10 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

The movement in the provision for employees' end of service benefits is as follows:

	2019 *AED*	*2018* *AED*
As at 1 January	**23,726**	11,067
Provided during the year	**43,430**	23,190
Payments during the year	**(4,115)**	(10,531)
At 31 December	**63,041**	23,726

11 SHARE CAPITAL

	2019 *AED*	*2018* *AED*
Authorised, issued and fully paid		
50,000,000 ordinary shares of AED 1 each fully paid in cash	**50,000,000**	50,000,000

During the year, Company received Central Bank approval to infuse additional capital of AED 50 million. Amount of additional capital of AED 50 million has been received during the year ended 31 December 2019 and credited to Companies bank account. Subsequently, the Ministry of Economy has granted approval for the increased share capital on 19 March 2020.

12 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of shareholders and directors of the Company and entities controlled, jointly controlled or significantly influenced by such parties and the key management personnel of the Company.

	2019	*2018*
	AED	*AED*
Due to a related party:		
SAS International & Investment Co. LLC	**1,414,683**	6,414,683

The amount due to a related party is interest free, unsecured, and represents advances given in normal course of business.

Compensation of key management personnel
The compensation of key management personnel during the year was as follows

	2019	*2018*
	AED	*AED*
Salaries and other short-term employee benefits	**962,760**	298,667

13 CAPITAL MANAGEMENT

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, is:

- to comply with the capital requirements set by its regulator;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders; and
- to maintain a strong capital base to support the development of its business

The objective of the Company's capital management is to ensure that it maintains a healthy capital ratio to support its business and maximise shareholder value. The Company is adhering compliance with minimum capital requirements of CBUAE and is in transition phase of 3 years to meet minimum capital requirements. Additional capital of AED 50M (Note 11) was injected during the year to meet regulatory requirement.

The Central Bank of UAE ('CBUAE') supervises finance companies and sets minimum capital requirements for finance companies. The Company is complaint with capital requirements.

14 RISK MANAGEMENT

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk, the latter being profit rate risk. The Company has no significant exposure to currency risk as most of the Company's transactions are in UAE Dirham.

14 RISK MANAGEMENT continued

Market risk
Market risk is the risk that the fair value and future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Interest rate risk
The Company is exposed to interest rate risk on its profit generating/earning assets.

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

The sensitivity of the income is the effect of the assumed changes in interest rates on the Company's income for one year, based on the floating interest rate financial assets and financial liabilities held at 31 December 2019. With majority of the facilities having floor price fixed, any downward revision in interest rate will not materially impact income booked

	Effect on loss
2019	
+100 increase in basis point	**951,259**
-100 decrease in basis point	**-**
2018	
+100 increase in basis point	455,959
-100 decrease in basis point	(455,959)

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures and continually assessing the creditworthiness of customers. In addition to monitoring credit limits, the Company manages the credit exposure relating to its financing activities by entering into collateral arrangements with customers in appropriate circumstances, and limiting the duration of exposure.

Credit risk measurement
The Company's credit risk is measured in terms of expected credit loss ("ECL"), which is calculated by multiplying three main components, being the probability of default (PD), loss given default (LGD) and the exposure at default EAD), and discounting at the initial effective profit rate.

ECL measurement
The assessment of credit risk and the estimation of ECL are unbiased, probability-weighted and incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money.

As per the IFRS 9 requirements, Company calculates Expected credit loss (ECL) for a facility as a forward looking probability weighted present value of the expected losses over the next 12 months or effective remaining life of the facility. Expected Loss at any point in time of the life of the facility is calculated using the following formula:

Expected Credit Loss (ECL) = PD*EAD*LGD
For each facility Company calculate ECL over two forecast periods:

- 12 Month: ECL is calculated using 12-month forward looking PD, LGD and EAD.
- Lifetime: ECL is calculated using Lifetime forward looking PD, LGD and EAD.

14 RISK MANAGEMENT continued

Credit risk continued
ECL measurement continued
12 Month or Lifetime ECL for each facility is used depending on the stage of the facility, as explained below:

Stage1: where no significant increase in credit risk is observed, 12 month Expected Credit Loss (ECL) is recorded as impairment provision;

Stage2: where significant increase in credit risk have been observed, Life-time ECL is recorded as impairment provision;

Stage3: where the exposure is defaulted or impaired, Life-time ECL is recorded as impairment provision.

Significant increase in credit risk (SICR)
The stage allocation is determined by identifying a significant increase in credit risk since initial origination. Company assess when significant increase in credit risk has occurred based on the quantitative and qualitative assessments. When determining whether the risk of default on a financial contracts has increased significantly since initial recognition, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment including forward-looking information.

The criteria for determining whether credit risk has increased significantly vary on a portfolio level and include quantitative and qualitative factors, including days past due and risk rating.

Curing
Assets can move back to Stage 1 from Stage 2 when they no longer meet the significant increase in credit risk criteria and have completed a probation period, defined by the Company. Similarly for the movement from Stage 3 to Stage 2, for certain portfolios the Company's policy includes probation periods whereby assets remain in Stage 3 for periods of between six to twelve months. The policy also ensures that none of the asset can move back directly to Stage 1 from Stage 3. There has been no movement from stage 3 to1 during the current year.

Measuring ECL- Explanations of input, assumptions and estimation techniques
As per IFRS 9, the ECL calculated for a facility should incorporate both current and forward-looking economic outlook over 12 Month to remaining life of the facility.

The Company calculate Expected credit loss ("ECL") for a facility as a forward looking probability weighted present value of the expected losses over forecast period (next 12 months or effective remaining life of the facility).

At the reporting date, a monthly ECL is estimated for each individual exposure for each month until the end of the forecast period. This is calculated as simple multiplication of PD, LGD and EAD at each month. These monthly ECLs are discounted to the reporting date using the effective profit rate and the summation of these discounted monthly ECLs gives the ECL estimate. The lifetime ECL is the sum of the monthly ECLs over the remaining life, while the 12-month ECL is limited to the first 12 months.

The estimation methodology for three main components, PD, LGD and EAD is explained below:

Probability of Default (PD):
Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Company collect performance and default information about its credit risk exposures analysed by credit risk grading for corporate portfolio. The Company employ statistical models for analysing the data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, across various geographies in which the Company has taken exposures.

14 RISK MANAGEMENT continued

Credit risk continued
Measuring ECL- Explanations of input, assumptions and estimation techniques continued
Loss Given Default (LGD):
LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties, using both internal and external factors. The LGD is estimated using below factors:

Cure Rate: Defined as the ratio of accounts which have fallen to default and have managed to move backward to the performing status.

Recovery Rate: Defined as the ratio of liquidation value to market value of the underlying collateral at the time of default. This would also account for expected recovery rate from a general claim on the individual's assets for the unsecured portion of the exposure.

Discounting Rate: Defined as the opportunity cost of the recovery value not being realised on the day of default adjusted for time value.

Exposure at Default (EAD):
The EAD is the amount which bank expects an obligor to owe in the event of default. The EAD depends on the product type:

- For amortizing products, this is based on the contractual repayments over the forecast period.
- For revolving/off-balance products, this is estimated as a combination of current exposure and credit conversion factor applied on the undrawn portion of the limit.

Forward-looking information incorporated in the ECL model
As per the IFRS 9 requirements, forward looking economic outlook has also been incorporated in the loss calculations. The Company employs statistical models to incorporate macro-economic factors on historical default rates. In case none of the macro-economic parameters are statistically significant or the results of forecasted PDs are significantly deviated from the present forecast for the economic conditions, quantitative PD overlay are used by the management after analysing the portfolio as per the diagnostic tool.

Incorporating forward-looking information increases the level of judgment as to how changes in these macro-economic factors will affect the ECL applicable to the stage 1 and stage 2 exposures which are considered as performing (Stage 3 are the exposures under default category). The methodologies and assumptions involved, including any forecasts of future economic conditions, are reviewed periodically.

Credit risk monitoring
For IFRS 9 ECL computation, credit exposures are monitored and reported as per IFRS 9 requirements. Stage migrations, any exceptions to SICR criteria, other credit and impairment related matters are reviewed and approved by an appropriate management committee.

Risks of the Company's credit portfolio are continuously assessed and monitored on the basis of exceptions, management information reports and returns generated by the business and credit units. Credit risk is also monitored on an ongoing basis with formal monthly and quarterly reporting to ensure that senior management is aware of shifts in the credit quality of the portfolio along with changing external factors.

Collateral management
Collaterals and guarantees are effectively used as mitigating tools by the Company. The quality of collateral is continuously monitored and assessed and the Company seeks to ensure enforceability of the collateral.

14 RISK MANAGEMENT continued

Credit risk continued

The Company's exposure to credit risk on these unsecured loans and advances has been analysed in the table below:

	Stage 1 12 month ECL AED	*Stage 2 lifetime ECL not credit impaired AED '000*	*Stage 3 lifetime ECL credit impaired AED '000*	*Total AED '000*
31 December 2019				
Gross amount	45,208,534	2,988,618	178,742	48,375,894
Expected credit losses				
Opening balance	91,322	-	-	91,322
Charge for the year, net	413,150	52,988	178,742	644,880
At 31 December	504,472	52,988	178,742	736,202
Net amount	44,704,062	2,935,630	-	47,639,692

Loans and advances are secured against the bills and invoices against which facilities are provided by the Company.

Impairment reserve under the Central Bank of UAE (CBUAE) guidance

The CB UAE issued a guidance note to banks and finance companies on the implementation of IFRS 9 on 30 April 2018 via notice no. CBUAE/BSD/2018/458 addressing various implementation challenges and practical implications for Banks adopting IFRS 9 in the UAE ("the guidance").

Pursuant to clause 6.4 of the guidance a comparison between general and specific provision under Circular 28/2010 of CBUAE and IFRS 9 is as follows:

	2019 AED
Impairment reserve: General	
General provisions under Circular 28/2010 of CBUAE	725,638
Less: Stage 1 and Stage 2 provisions under IFRS 9	(557,461)
General provision transferred to the impairment reserve	168,177
Impairment reserve: Specific	
Specific provisions under Circular 28/2010 of CBUAE	178,741
Less: Stage 3 provisions under IFRS 9	(178,741)
Specific provision transferred to the impairment reserve	-
Total provision transferred to the impairment reserve	168,177

As per the guidance note, where provisions under circular 28/10 of the CBUAE exceed provisions under IFRS 9, difference amount is transferred to an impairment reserve within equity as an appropriation from retained earnings. This reserve is not available for dividend distribution.

14 RISK MANAGEMENT continued

Liquidity risk and funding management

Liquidity risk is the risk that an institution will be unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or a credit downgrade which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash.

The maturity profile of financial assets and liabilities is monitored by management to ensure adequate liquidity is maintained. Based on the fact that the Company's source of funding is internal (equity), there is no liquidity risk identified.

The table below summarises the maturity profile of the discounted cash flows of the Company's assets and liabilities as at 31 December 2019.

	Less than 3 months AED	*3 months to 1 year AED*	*Over 1 year AED*	*Un-specified AED*	*Total AED*
2019					
ASSETS					
Cash and bank balances	**50,833,940**	-	-	-	**50,833,940**
Other receivables	**199,827**	-	-	-	**199,827**
Loans and advances, net	**10,029,413**	**37,610,279**	-	-	**47,639,692**
Furniture, fixtures and office equipment	-	-	-	**124,154**	**124,154**
Intangible assets	-	-	-	**13,865**	**13,865**
	61,063,180	**37,610,279**	-	**138,019**	**98,811,478**
LIABILITIES					
Due to a related party	-	**1,414,683**	-	-	**1,414,683**
Other payables	**1,864,927**	-	-	-	**1,864,927**
Provision for employees' end of service benefits	-	-	-	**63,041**	**63,041**
Shareholders' equity	-	-	-	**95,468,827**	**95,468,827**
	1,864,927	**1,414,683**	-	**95,531,868**	**98,811,478**
2018					
ASSETS					
Cash and bank balances	12,803,481	35,000,000	-	-	47,803,481
Other receivables	349,706	-	-	-	349,706
Loans and advances, net	4,095,876	-	-	-	4,095,876
Furniture, fixtures and office equipment	-	-	-	188,650	188,650
Intangible assets	-	-	-	24,197	24,197
	17,249,063	35,000,000	-	212,847	52,461,910
LIABILITIES					
Due to a related party	-	6,414,683	-	-	6,414,683
Other payables	432,136	-	-	-	432,136
Provision for employees' end of service benefits	-	-	-	23,726	23,726
Shareholders' equity	-	-	-	45,591,365	45,591,365
	432,136	6,414,683	-	45,615,091	52,461,910

15 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank banks, loans and advances and certain other assets. Financial liabilities consist of due to a related party and other payables.

The fair values of financial instruments are not materially different from their carrying values.

16 SUBSEQUENT EVENTS

Subsequent to year, coronavirus disease 2019 (COVID-19) outbreak has occurred. The extent of the impact to the financial performance of the Company will depend on future developments, including but not limited to (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Company's results may be adversely affected.