AL AMAL FINANCIAL INVESTMENTS COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2020

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Al Amal Financial Investments Company
Public Shareholding Company
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Amal Financial Investments Company P.L.C (the Company), which comprise the statement of financial position as at 31 December 2020, and the statement of income, 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 2020, 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 Financial Statements section of our report. We are independent of the Company in accordance with the International *Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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.

Key Audit Matters

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

1. Adequacy of provision of expected credit losses for trade receivables and margin receivables.

Key Audit matter	**Scope of Audit procedures to Address the key audit matter**
The provision of expected credit losses is considered a key audit matter to the financial statements, as its calculation requires assumptions and requires management's use of estimates for calculating the extent and timing of recording provision for expected credit losses. Trade receivables and margin receivables constitute a large portion of the Company's total assets, and there is a possibility that the calculation of the provision for expected credit loss is not accurate either due to the use of inaccurate data or the use of unreasonable assumptions. Given the importance of the provisions used to classify accounts receivable at various stages according to what is stipulated in the expected credit losses, the auditing procedures in this regard were considered key audit matters. Trade receivables (Note 4) amounted to JD 8,976,741 and provision for expected credit losses amounted to JD 4,535,342. Margin receivables (Note 5) amounted to JD 4,921,221 and provision for expected credit losses amount to JD 2,166,553 as of 31 December 2020. The expected credit loss policy is presented in the accounting policies used in the preparation of these financial statements in (Note 2).	Audit procedures consisted of the following: We have read and understood the Company's policy in calculating provisions compared to the requirements of IFRS 9. We evaluated the Company's expected credit loss model, with a special focus on the suitability of the Company's expected credit loss model and core methodology with the requirements of IFRS 9. We have examined a sample of trade and margin receivables individually, and we have performed the following procedures to assess the below: - Evaluate the reasonableness of estimates and assumptions used by the Company's management in regard to the mechanism used for calculating the provision for expected credit losses. - Examining and comparing the market value of customers investment portfolios compared to the book value of portfolios. - We have tested a sample of key items from trade and margin receivables to assess their recoverability based on management's estimates. We also checked whether these balances exceeded the due date and collection date for the customer and if any payments were received after the end of the year up to the date of completing our audit procedures.

Other information included in the Al Amal for Financial Investments Company 2020 annual report.

Other information consists of the information included in The Company's Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

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, actions taken to eliminate threats or safeguard applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless 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 books of accounts which are in agreement with the financial statements.

The partner in charge of this engagement is Waddah Isam Barkawi license no. 591.

Ernst + Young

Amman – Jordan
22 March 2021

AL AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020

	Notes	2020	2019
		JD	JD
ASSETS			
Cash on hand and at banks	3	2,490,081	759,769
Trade Receivables	4	4,441,399	5,575,994
Margin Receivables – net	5	2,754,668	3,079,457
Other current assets – net	6	139,045	252,915
Property and equipment – net	7	170,244	78,275
Financial assets at fair value though the statement of other comprehensive income	8	517,911	413,697
Financial assets at fair value through the statement of profit or loss	9	370,942	-
Deferred tax assets	13	1,317,548	1,532,363
Total assets		12,201,838	11,692,470
LIABILITIES AND EQUITY			
Liabilities			
Trade payable	10	367,698	546,777
Other current liabilities	11	150,911	211,572
Income tax provision	13	56,267	88,172
Total liabilities		574,876	846,521
Equity			
Paid in capital	1	15,000,000	15,000,000
Statutory reserve	12	1,706,748	1,597,984
Fair value reserve	8	(177,439)	(176,753)
Accumulated Losses		(4,902,347)	(5,575,282)
Total Equity		11,626,962	10,845,949
Total liabilities and equity		12,201,838	11,692,470

The accompanying notes from 1 to 23 form part of these financial statements

AL AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
		JD	JD
Revenues			
Brokerage commission		158,325	546,997
Margin finance commission		23,023	82,236
Margin finance interest and interest income		672,033	692,640
Dividends received		-	6,836
Other revenues and expenses		31,599	16,294
Unrealized gain from revaluation of financial assets at fair value through statement of profit and loss		16,215	-
Total revenues		901,195	1,345,003
Expenses			
Salaries, wages and benefits		(243,949)	(300,210)
Stock exchange fees		(37,372)	(41,824)
Finance Cost		(6,203)	(57,357)
General and Administrative expenses	15	(293,223)	(239,854)
(Surplus) provision for expected credit loss		767,195	(277,545)
Total expenses		186,448	(916,790)
Profit for the year before income tax		1,087,643	428,213
Income tax expense	13	(305,842)	(10,421)
Profit for the year		781,801	417,792
		Fils /JD	Fils /JD
Basic and diluted earnings per share from profit for the year	21	0.05	0.03

The accompanying notes from 1 to 23 form part of these financial statements

AL AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	JD	JD
Profit for the year	781,801	417,792
Add: Other comprehensive income items (after tax) not to be reclassified to profit or loss in subsequent periods		
Realized losses on sale of financial assets at fair value through the statement of other comprehensive income	(102)	(395,392)
Unrealized (losses) gains on revaluation of financial assets at fair value through the statement of other comprehensive income for the year	(686)	521,808
Total comprehensive income for the year	781,013	544,208

The accompanying notes from 1 to 23 form part of these financial statements

Al Amal financial Investments Company
(Public Shareholding Company)
Statement of changes in equity
For the year ended 31 December 2020

	Paid in capital	Statutory reserve	Fair value reserve	Accumulated losses	Total
	JD	JD	JD	JD	JD
2020 -					
Balance as of 1 January 2020	15,000,000	1,597,984	(176,753)	(5,575,282)	10,845,949
Total comprehensive income for the year	-	-	(686)	781,699	781,013
Transfer to statutory reserve	-	108,764		(108,764)	-
Balance as of 31 December 2020	15,000,000	1,706,748	(177,439)	(4,902,347)	11,626,962
2019 -					
Balance as of 1 January 2019	15,000,000	1,555,163	(698,561)	(5,554,861)	10,301,741
Total comprehensive income for the year	-	-	521,808	22,400	544,208
Transfer to statutory reserve	-	42,821	-	(42,821)	-
Balance as of 31 December 2019	15,000,000	1,597,984	(176,753)	(5,575,282)	10,845,949

The accompanying notes from 1 to 23 form part of these financial statements

AL AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
		JD	JD
Operating Activities			
Profit for the year before income tax		1,087,643	428,213
Adjustments for:			
Depreciation	7	13,371	25,040
(Surplus) provision for expected credit loss		(767,195)	277,545
Finance cost		6,203	57,357
(Gain) loss from sale of property and equipment		(3,118)	3,789
Unrealized gains on revaluation of financial assets at fair value through the statement of profit and loss		(16,215)	-
Working capital changes:			
Margin receivables		324,789	(673,033)
Trade receivables		1,901,790	643,792
Other current assets		113,870	(90,429)
Trade payables		(179,079)	325,952
Other current liabilities		(60,661)	5,649
Net cash flows from operating activities before income tax		2,421,398	1,003,875
Income tax paid	13	(122,932)	(51,232)
Net cash flows from operating activities after tax		2,298,466	952,643
Investing Activities			
Purchases of property and equipment	7	(139,722)	(32,528)
Proceeds from sale of property and equipment		37,500	-
Proceeds from sale of investments at fair value through the statement of other comprehensive income		229	491,612
Purchases of financial assets at fair value through the statement of other comprehensive income		(105,231)	-
Purchases of financial assets at fair value through the statement of profit and loss		(354,727)	-
Net cash flows (used in) from investing activities		(561,951)	459,084
Financing Activities			
Finance cost paid		(6,203)	(57,357)
Net cash flows used in financing activities		(6,203)	(57,357)
Net increase in cash and cash equivalent		1,730,312	1,354,370
Cash and cash equivalent at the beginning of the year		759,769	(594,601)
Cash and cash equivalent at the end of the year	3	2,490,081	759,769

The accompanying notes from 1 to 23 form part of these financial statements

1- General

Al-Amal Financial Investments Company is a Jordanian public shareholding Company ("the Company") registered on October 17, 2005 under commercial registration number (370) after it has changed its legal statues from Limited Liability Company to Public Shareholding Company. The Company's share capital is JD 15,000,000 divided into 15,000,000 shares; the par value is one JD per share.

The main activity of the Company is to perform commission brokerage business, dealing with securities for its own account, providing financial, consulting, leasing and mortgage of transferred and un-transferred money for the purposes of the Company borrowing from banks, buying, renting, pledging and importing any transferred and un-transferred money or any rights or privileges deemed necessary by the company or suitable for their purposes, including land, building, machinery, means of transport or goods and to establish, assess, act and make necessary changes when necessary or appropriate for the purposes and objectives of the Company.

The Company's headquarter is in Amman.

2- Accounting Policies

(2-1) Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), Issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through the statement of other comprehensive income and fair value through the statement of profit and loss that have been measured at fair value on the date of the financial statements.

The financial statements are presented in Jordanian Dinars (JD) which represents the functional currency of the Company.

(2-2) Significant accounting policies

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 2019 except for the adoption of new standards effective as of 1 January 2020 shown below:

Amendments to IFRS 3: Definition of a Business
The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs

These amendments had no impact on the financial statements of the Company but may impact future periods should the Company enter into any business combinations.

Amendments to IAS 1 and IAS 8: Definition of "Material"
The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

These amendments had no impact on the financial statements of, nor is there expected to be any future impact to, the Company.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

Amendments to IFRS 16 Covid-19 Related Rent Concessions
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. This relates to any reduction in lease payments which are originally due on or before 30 June 2021. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Company did not have any leases impacted by the amendment

(2-3) Accounting Policies

Trade Receivables and Margin Receivables

Trade and Margin Receivables are stated at original invoice amount less an allowance for any uncollectible amounts expected credit loss. The expected credit loss is calculated using the simplified method in accordance to IFRS 9. The Company relies on historical data and incorporates future elements based on macro-economic factors.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of income.

Property and equipment are depreciated using the straight-line method according to the estimated useful life of assets as follows:

	Annual depreciation rate
Furniture and fixture	10%
Tools and equipment	9-15%
Decorations	20%
Computer software	25%
Vehicles	15%

When the recoverable amounts of any property and equipment is less than its net book value, its value is reduced to the recoverable value and the lowest value is recorded in the statement of income.

The useful life of the property and equipment is reviewed at the end of each year, if the expected useful life differs from the previously established estimates, the change in estimate is recorded and accounted for on prospective basis.

Accounts payable and Accruals

The liabilities for future reimbursable amounts are recognized for goods and services received whether or not claimed by the supplier.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) arising from a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Income tax

Current income tax is calculated based on the tax rates and laws that are applicable at the statement of financial position date.

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and tax losses and tax credit carry-forwards. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the enterprise expects, at the statement of financial position date, to recover or settle the carrying amount of its assets and liabilities.

Revenue Recognition

The Company conducts brokerage activities and financial services, where the revenue is generated at trading securities, which reflect the required revenue registration in accordance with IFRS 15.

Interest revenue is accrued on a time basis, by reference to the outstanding principal balance and the applicable effective interest rate.

Other revenues are recognized on an accrual basis.

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

These financial assets are initially recognized at fair value plus attributable transaction costs and subsequently measured at fair value. The change in fair value of those assets is presented in the consolidated statement of comprehensive income within equity, including the change in fair value resulting from the foreign exchange differences of non-monetary assets. In case those assets – or part of them – were sold, the resultant gain or loss is recorded in the consolidated statement of comprehensive income within equity and the fair value reserve for the sold assets is directly transferred to the retained earnings and not through the consolidated statement of profit or loss. These financial assets are no longer subject to impairment testing.

Dividends are recognized in the consolidated statement of profit or loss.

Impairment of financial assets

An overview of expected credit losses

The adoption of IFRS (9) has fundamentally changed the Company’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 as of January 1, 2019.

Calculate expected credit losses

The company has applied the simplified approach of the standard for recording expected credit losses on all financial assets exposed to credit risk and calculating the expected credit loss over the maturity period of these assets. The company prepared a study based on historical experience of credit loss, taking into consideration future factors of debtors and the economic environment.

The financial assets of the company consist of balances and deposits with banks with a credit rating listed within an investment rating (good and very good) classified by accredited investment risk rating agencies, and accordingly, the balances and deposits with banks are considered to have low credit risks. Thus, credit losses for these accounts are measured every 12 months or the maturity date, whichever is earlier. In addition to customers' receivables, which are classified through the company's internal classification system, where credit losses are calculated for good receivables every 12 months and for doubtful receivables over the maturity period of these receivables.

Impairment of non-financial assets

The Company assesses at each 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 Company 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 Company’s 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, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Foreign Currency

Transactions in currencies other than JOD (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which, if any, they arise except for exchange differences on monetary items receivable from or payable to a foreign operation, if any, for which settlement is neither planned not likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Cash and Cash Equivalent

Cash and cash equivalent represent cash on hand and at banks and financial institutions that are due within a three-month period.

(2-4) Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in other comprehensive income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. 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.

Management believes that the assessments adopted in the financial statements are reasonable, the main estimates were as follows:

- Expected credit loss: Requires the Company's management to determine the expected credit loss for all accounts receivable through establishing significant decisions to estimate future cash flow amounts and duration, in addition to any substantial increase in the credit risk of financial assets after initial recognition. Furthermore, taking into consideration information for future measurement of expected credit losses.

- Income tax provision: The financial year is bared with income tax expense in accordance with the applicable laws, regulations and accounting standards, in addition to calculating the required deferred tax assets, liabilities and income tax provision.

- Management periodically reassesses the economic useful lives of tangible assets for the purpose of calculating annual depreciation based on the general status of these assets and the assessment of their useful economic lives expected in the future. Impairment loss (if any) is taken to the statement of income.

3- Cash on hand and at banks

This item consists of the following:

	2020	2019
	JD	JD
Cash on hand	135	17
Bank balances – Current accounts	680,947	185,389
Bank balances – Customers' accounts	283,999	535,363
Bank balances – Deposits*	1,500,000	-
Brokerage guarantee fund deposit **	25,000	39,000
	2,490,081	759,769

* This account represents deposits with Jordan Commercial Bank. The interest rate on total deposits was 3.5% for the period ending 31 December 2020.

** This account represents the value of the cash contribution paid by the Company as a financial broker in Amman Stock Exchange to the settlement guarantee fund in accordance with the Fund's bylaws for the year 2004, which is based on the provisions of Article (90) of the securities Law No.(76) of 2002 which aims to:

a. Cover the cash deficit of the fund's buyer member for securities.
b. Cover the deficit in the balance of securities that appears to the member of the seller fund as a result of the trade securities in the market.

The Fund shall at the end of every three months, recalculate the cash contribution amount for each Broker in accordance with the Fund's bylaws, whereby the difference between the Fund and the Broker shall be settled by either increasing, decreasing or maintaining the Fund's balance as unchanged.

For the purposes of the statement of cash flows, the details of cash and cash equivalents are as follows:

	2020	2019
	JD	JD
Cash and cash equivalent	2,490,081	759,769
	2,490,081	759,769

4- Trade Receivables - Net

	2020	2019
	JD	JD
Trade and brokerage receivables	6,704,885	5,276,444
Amounts due from related parties (Note 14)	2,271,856	4,985,755
	8,976,741	10,262,199
Less: Expected credit loss *	(4,535,342)	(4,686,205)
	4,441,399	5,575,994

* Movement on the provision for expected credit loss is as follows:

	2020	2019"
	JD	JD
Balance at the beginning of the year	4,686,205	4,686,205
Additions during the year	794,092	-
Recovered during the year	(944,955)	-
Balance at the end of the year	4,535,342	4,686,205

Unimpaired trade receivables aging is as follows:

	1 – 30 days	31 – 90 days	91 - 360 days	More than 360 days	Total
	JD	JD	JD	JD	JD
31 December 2020	206,689	214,513	2,350,714	1,669,483	4,441,399
31 December 2019	2,670,267	2,417,769	487,958	-	5,575,994

Unimpaired trade receivables are expected to be fully recovered based on management's judgement. The customers' investment portfolio is considered a collateral in case of any default.

5- Margin Receivables – Net

This item consists of the following:

	2020	2019
	JD	JD
Margin receivables	4,900,519	5,568,184
Due from related parties (Note 14)	20,702	294,158
	4,921,221	5,862,342
Less: Expected credit loss*	(2,166,553)	(2,782,885)
	2,754,668	3,079,457

* Movement on the provision for expected credit loss is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	2,782,885	2,505,340
Additions during the year	165,987	277,545
Recovered during the year	(782,319)	-
Balance at the end of the year	2,166,553	2,782,885

6- Other Current Assets

	2020	2019
	JD	JD
Bank guarantees	89,400	211,800
Prepaid expenses	28,810	24,172
Employees' receivables	11,603	16,643
Trading settlement	9,052	-
Refundable deposits	180	300
	139,045	252,915

7- Property and Equipment- Net

	Furniture and fixtures	Tools and equipment	Decorations	Computer Software	Vehicles	Total
	JD	JD	JD	JD	JD	JD
2020-						
Cost						
Balance at 1 January 2020	47,501	96,234	74,092	30,192	86,000	334,019
Additions	17,055	26,339	15,348	80,980	-	139,722
Disposals	-	-	-	-	(86,000)	(86,000)
Balance at 31 December 2020	64,556	122,573	89,440	111,172	-	387,741
Accumulated Depreciation						
Balance at 1 January 2020	41,867	73,532	61,508	28,050	50,787	255,744
Depreciation for the year	1,120	6,044	3,771	1,605	831	13,371
Disposals	-	-	-	-	(51,618)	(51,618)
Balance at 31 December 2020	42,987	79,576	65,279	29,655	-	217,497
Net book value as of 31 December 2020	21,569	42,997	24,161	81,517	-	170,244
2019-						
Cost						
Balance at 1 January 2019	43,286	81,949	61,664	33,592	86,000	306,491
Additions	4,215	14,285	12,428	1,600	-	32,528
Disposals	-	-	-	(5,000)	-	(5,000)
Balance at 31 December 2019	47,501	96,234	74,092	30,192	86,000	334,019
Accumulated Depreciation						
Balance at 1 January 2019	40,993	69,047	59,279	24,956	37,640	231,915
Depreciation for the year	874	4,485	2,229	4,305	13,147	25,040
Disposals	-	-	-	(1,211)	-	(1,211)
Balance at 31 December 2019	41,867	73,532	61,508	28,050	50,787	255,744
Net book value as of 31 December 2019	5,634	22,702	12,584	2,142	35,213	78,275

8- Financial Assets at Fair Value Through the Statement of Other Comprehensive Income

	2020	2019
	JD	JD
Investment in Med Gulf for Insurance Company	409,020	413,697
Investment in Al- Tajamouat for Touristic Projects Company	108,891	-
	517,911	413,697

The details of the movement on the cumulative change in fair value are as follows:

	Balance at 1 January 2020	Change in Fair Value	Balance at 31 December 2020
	JD	JD	JD
Med Gulf for Insurance Company	(176,753)	(4,346)	(181,099)
Al- Tajamouat for Touristic Projects Company	-	3,660	3,660
	(176,753)	(686)	(177,439)

9- Financial Assets at Fair Value Through the Statement of Profit and Loss

	2020	2019
	JD	JD
Investment in Standard and Poor's Depository Receipt (United States)	370,942	-

10- Trade Payable

	2020	2019
	JD	JD
Trade payable	367,496	546,777
Due to related parties (Note 14)	202	-
	367,698	546,777

11- Other Current Liabilities

	2020	2019
	JD	JD
Shareholders' profit deposit	139,857	157,064
Returns of capital increase subscriptions deposits	4,098	11,004
Provisions for BOD renumeration	2,083	2,083
Trading settlement – Securities Depository Centre	-	36,548
Jordanian Universities' fees	4,873	4,873
	150,911	211,572

12- Statutory reserve

As required by the Jordanian Companies' Law 10%, of the profit before income tax is transferred to statutory reserve. The statutory reserve is not available for distribution to the shareholders.

13- Income Tax

The Jordanian Income Tax Law No. (34) for the year 2018 has been approved as the tax rate has become 28% (24% + 4% national contribution) and the law has been applied on 1 January 2019. Income tax provision and the deferred tax effect have been calculated for the year ending 31 December 2020 at rate 28%, according to income tax Law No. (34) of 2014 taking into consideration the amendments to the Income Tax Law (34) for the year 2018.

The Company submitted a self-assessment statement to the Income and Sales Tax Department for the year 2017, and the department did not review the Company's accounting records to date, and the self-assessment statement was accepted on the sampling system for the results for the year ended 31 December 2019.

- **Income tax expense:**

Income tax expense shown in the statement of income consists of the following:

	2020	2019
	JD	JD
Income tax expense for the year	91,027	88,134
Effect of deferred tax assets	214,815	(77,713)
	305,842	10,421

- **Income tax provision**

The movement on the income tax provision is as follows:

	2020	2019
	JD	JD
Balance at 1 January	88,172	51,270
Income tax paid	(122,932)	(51,232)
Income tax expenses for the year	91,027	88,134
Balance at 31 December	56,267	88,172

The reconciliation between accounting profit and taxable profit is as follows:

	2020	2019
	JD	JD
Accounting profit	1,087,643	428,213
Tax unacceptable expenses	4,751	4,398
Net provisions	(767,195)	277,545
Less: Unrealized loss from sale of financial assets	(102)	(395,392)
Total taxable income	325,097	314,764
Income tax expense	91,027	88,134
Impact of deferred tax assets	214,815	(77,713)
Income tax in the income statement	305,842	10,421
Effective tax rate	28%	2.4%
Statutory tax rate	28%	28%

- **Deferred tax assets:**

	2020				2019
	Balance at the beginning of the year	Additions during the year	Refunded amounts	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD
Provision for expected credit loss	1,532,363	-	(214,815)	1,317,548	1,532,363
	1,532,363	-	(214,815)	1,317,548	1,532,363

- The movement on the deferred tax assets is as follows:

	2020	2019
	JD	JD
Balance as of 1 January	1,532,363	1,454,650
Recovered / Additions during the year	(214,815)	77,713
Balance as of 31 December	1,317,548	1,532,363

14- Transactions with Related Parties

Related parties' transactions represent the following:

Relevant entities include transactions with shareholders, members of the Board of Directors and senior executive management. Prices and terms related to transactions with related parties are approved by the Company's management.

Total trading volume and commissions dealt with related parties during the year are as follows:

	2020	2019
	JD	JD
Total trading volume	12,074,639	9,133,924
Total commission	51,726	34,522

Balances and transactions with related parties are as follows:

	2020	2019
	JD	JD
Trade receivables (Note 4)	2,271,856	4,985,755
Margin receivables (Note 5)	20,702	294,158
Trade payable (Note 10)	202	-

During the year, the Company recorded the following benefits and allowances for the members of the Board of Directors:

	2020	2019
	JD	JD
Transportation allowance for members of the Board of Directors (Note 15)	35,000	3,800

During the year, the company recorded the following salaries and bonuses for the members of the executive management:

	2020	2019
	JD	JD
Executive Management salaries and remuneration	73,868	132,392

15- General and Administrative Expenses

	2020	2019
	JD	JD
Professional and consulting fees	98,768	76,777
Licenses and subscription fees	35,415	8,582
BOD transportation (Note 14)	35,000	3,800
Rent	32,817	40,380
Health insurance	23,745	29,967
Computer hardware & software maintenance	20,095	11,826
Depreciation (Note 7)	13,371	25,040
Electricity, water, and telephone	8,834	11,916
Cleaning fees	6,135	646
Interest paid on tax instalment	4,751	4,398
Stationery and supplies	3,044	5,503
Hospitality	1,834	3,149
Lawsuits losses	1,580	-
Maintenance and fuel	1,480	4,181
Employee bonus and rewards	-	4,800
Miscellaneous and other expenses	6,354	8,889
	293,223	239,854

16- Contingent Liabilities

The Company has liabilities that may arise on the date of the financial statements, which include:

	2020	2019
	JD	JD
Bank guarantees	672,000	696,000
Deposit securities	89,400	211,800

Cases brought against the Company by others:

The value of cases brought against the Company by others was 329,620 Jordanian Dinars. In the opinion of the Company's management and its legal advisor, the Company will not have any obligations for the cases brought against the Company, except for what has been allocated.

17- Fair Value Hierarchy

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of cash on hand, bank balances, margin receivables, trade receivables, financial assets through the statement of other comprehensive income, financial assets through the statement of profit or loss and other receivables. Financial liabilities consist of accounts payable and some other credit balances.

Level 1: The market prices announced in the active markets of the same financial instruments.

Level 2: Valuation methods based on inputs that affect the fair value and can be observed directly or indirectly in the market.

Level 3: Valuation techniques that are based on inputs that affect the fair value and are not directly or indirectly observable in the market.

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Balance as of 31 December 2020				
Financial assets at fair value through the statement of other comprehensive income	517,911	-	-	517,911
Financial assets at fair value through the statement of profit or loss	370,942	-	-	370,942
Balance at the end of the year	888,853	-	-	888,853

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Balance as of 31 December 2019				
Financial Assets at fair value through the statement of other comprehensive income	413,697	-	-	413,697
Balance at the end of the year	413,697	-	-	413,697

18- Risk Management

Interest-rate Risk

Interest-rate risks are the risks that result from fluctuations in fair value or future cash flows of financial instruments caused by changes in the interest rates.

The Company is exposed to interest-rate risks on its assets and liabilities that carry interest such as margin receivables, and bank deposits are not exposed to such risks as they do not bear interest rates.

The sensitivity of the income statement is the effect of the possible changes in interest rates on a Company's profit for one year, and it is calculated on financial assets and liabilities that carry a variable interest rate as at 31 December 2020.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company believes that it is not exposed to a large degree of credit risk, as it sets a credit limit for clients of margin trading accounts to not exceeding 1,000,000 Jordanian Dinar per account, and this is monitored constantly. The maintenance margin for these accounts is more than 20%, which is the minimum maintenance margin as per Jordan Securities Commission instructions. The Company also maintains balances and deposits with leading banking institutions.

Currency Risk

Currency risk All of the Company's transactions are in Jordanian Dinar and therefore there is no effect on the currency risk on the balance sheet.

Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet its commitments. Liquidity risk is represented by the company’s inability to provide the financing necessary to fulfil its obligations on its due dates, and the management of liquidity risk requires maintaining adequate cash and the availability of financing through credit ceilings. To prevent these risks, the management will diversify funding sources, manage assets and liabilities, align their deadlines and maintain an adequate balance of cash and cash equivalents and the provision of appropriate financing.

The table below summarizes the distribution of liabilities (undiscounted) based on the remaining contractual maturity at the date of the financial statements:

	Less than one year	More than one year	Total
	JD	JD	JD
2020-			
Liabilities			
Instruments without interest	574,876	-	574,876
Total Liabilities	574,876	-	574,876
2019-			
Liabilities			
Instruments without interest	846,521	-	846,521
Total Liabilities	846,521	-	846,521

19- Segment Information

	Financial Brokerage Sector	Financial Investments Sector	Total
	JD	JD	JD
31 December 2020 -			
Sector net revenues	884,980	16,113	901,093
Sector net expenses	186,448	-	186,448
Sector profit	1,071,428	16,113	1,087,541
Sector assets	11,683,927	517,911	12,201,838
Sector liabilities	574,876	-	574,876
31 December 2019 -			
Sector net revenues	1,338,167	(388,556)	949,611
Sector net expenses	(916,790)	-	(916,790)
Sector profit (loss)	421,377	(388,556)	32,821
Sector’s assets	11,278,773	413,697	11,692,470
Sector’s liabilities	846,521	-	846,521

20- Capital Management

The main objective in relation to the Company's capital management is to ensure that appropriate capital ratios are maintained in a manner that supports the Company's activity and maximizes property rights.

The company manages the capital structure and makes the necessary adjustments to it in light of changes in working conditions. The company has not made any changes to the objectives, policies and procedures related to capital structure during the current year and the previous year.

The items included in the capital structure are paid in capital, statutory reserve, fair value reserve and accumulated losses totalling JD 11,626,962 as of 31 December 2020 compared to JD 10,845,949 dinars as of 31 December 2019.

21- Earnings per share

The details of this item are as follows:

	2020	2019
	JD	JD
Profit for the year	781,801	417,792
Weighted average number of shares	15,000,000	15,000,000
Basic and Diluted share from profit for the year	0.05	0.03

22- 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. The Company intends to adopt these standards, if applicable, when they become effective.

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 2023 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- What is meant by a right to defer settlement,
- The right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood,
- That an entity will exercise its deferral right,
- And that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Company.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on the Company.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

IBOR reform Phase 2
IBOR reform Phase 2, which will be effective on 1 January 2021, includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR).

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

IBOR reform Phase 2 provides temporary reliefs that allow the company's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the company to amend hedge designations and hedge documentation. This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and / or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. For the retrospective assessment of hedge effectiveness, the company may elect on a hedge by hedge basis to reset the cumulative fair value change to zero. The company may designate an interest rate as a non-contractually specified, hedged risk component of changes in the fair value or cash flows of a hedged item, provided the interest rate risk component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives. For new RFRs that are not yet an established benchmark, relief is provided from this requirement provided the company reasonably expects the RFR to become separately identifiable within 24 months. For hedges of groups of items, the company is required to transfer to subgroups those instruments that reference RFRs. Any hedging relationships that prior to application of IBOR reform Phase 2, have been discontinued solely due to IBOR reform and meet the qualifying criteria for hedge accounting when IBOR reform Phase 2 is applied, must be reinstated upon initial application.

The amendments are not expected to have a material impact on the Company.

23- Coronavirus Spread (COVID – 19) and its Impact on the company

As a result of the continued impact of the Corona virus (Covid-19) on the global economy that caused a major fluctuation in the global economy and the various business sectors, the effects were reflected on the majority of sectors that were affected by the suspension of a business activities and the medical quarantine in addition to the governmental decisions to face the virus. That was a major impact on the Company's activities and operations as the Company performed a detailed restudy for the effects of the virus on the Company's ability to collect the receivable amounts, and the required provision was recorded for the related period ended 31 December 2020. This study will be revised on a periodic basis to evaluate the Company's ability to collect the receivables and any other provisions required throughout the economic developments.