JORDAN INVESTMENT TRUST COMPANY

(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2020

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jordan Investment Trust Public Shareholding Company (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 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 consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

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

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

1. Revenue recognition: Share of income from associate	**How the key audit matter was addressed in the audit**
At 31 December 2020, the Group has associate investments amounting to JD 10,363,112 with share of loss recorded during the year 2020 amounted to JD 213,138. Importance was given to this matter given the fact its relative importance in the financial statements. Refer to notes (2), (6) in the consolidated financial statements	Our audit procedures included, amongst others, obtaining the financial statements from associates as of 31 December 2020 and audit the implementation of the equity method of accounting related to the associate including the recalculation of the Company's share of income and net assets from the associate based on their financial statements.
2. Impairment of investment properties	**How the key audit matter was addressed in the audit**
Impairment of investment properties is considered a key audit matter as it represents a significant judgment area. Also, investment properties is a significant part of the total assets of the Group. Refer to notes (2), (9) in the consolidated financial statements	The Group performs impairment property annually by obtaining valuations from external independent valuators. Our audit procedures included obtaining the land valuations performed by independent valuators to ensure that management properly recorded any impairment in value.

Other information included in the Group's 2020 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Amman-Jordan
14 March 2021

Ernst + Young

	Notes	2020	2019
ASSETS		JD	JD
Cash on hand and at banks	3	2,399,980	8,107,991
Financial assets at fair value through profit or loss	4	1,774,080	1,909,808
Financial assets at fair value through other comprehensive income	4	4,921,351	4,463,019
Accounts receivable - net	5	78,519	78,604
Investment in associate	6	10,363,112	10,576,250
Other debit balances	7	407,322	394,593
Property and equipment	8	2,168,184	2,209,156
Investment properties	9	10,375,709	10,247,728
Total Assets		32,488,257	37,987,149
LIABILITIES AND EQUITY			
Liabilities -			
Loans	10	402,163	555,559
Brokerage customers payables		146,848	51,687
Other credit balances	11	823,234	1,042,749
Income tax provision	17	146	710,552
Total Liabilities		1,372,391	2,360,547
Equity -			
Shareholders' equity	12		
Paid in capital		27,270,078	27,270,078
Statutory reserve		1,342,748	1,342,748
Fair value reserve	4	67,118	16,859
Retained earnings		684,010	5,153,971
Shareholders' equity		29,363,954	33,783,656
Non-controlling interests	13	1,751,912	1,842,946
Net Equity		31,115,866	35,626,602
Total Liabilities and Equity		32,488,257	37,987,149

The accompanying notes from 1 to 29 form part of these consolidated financial statements

	Notes	2020	2019
		JD	JD
Revenues -			
Share of (Loss) profit from associate	6	(213,138)	7,113,978
Profit from financial assets	14	30,050	232,417
Other income	15	139,830	133,202
Interest income		162,505	22,344
Brokerage commissions		5,464	9,788
Net revenue		124,711	7,511,729
Expenses -			
Administrative expenses	16	902,398	1,274,633
Impairment of investment properties	9	161,932	141,792
Provision for expected credit losses	5	-	23,251
Interest and commission		74,651	92,982
Total expenses		1,138,981	1,532,658
(**Loss) profit before income tax**		(1,014,270)	5,979,071
Income tax expense	17	(30,000)	(710,406)
(Loss) profit for the year		(1,044,270)	5,268,665
Attributable to:			
Shareholders of the company		(969,961)	5,298,078
Non-controlling interests		(74,309)	(29,413)
		(1,044,270)	5,268,665
		Fils /JD	Fils /JD
Basic and diluted earnings per share from (loss) profit of the year	18	(0/036)	0/194

The accompanying notes from 1 to 29 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	JD	JD
(Loss) profit for the year	(1,044,270)	5,268,665
Add: other comprehensive income not to be reclassified to profit and loss in subsequent periods:		
Change in fair value of financial assets at fair value through other comprehensive income	33,534	207,012
Total comprehensive income for the year	(1,010,736)	5,475,677
Attributable to:		
Shareholders of the company	(919,702)	5,501,076
Non-controlling interests	(91,034)	(25,399)
	(1,010,736)	5,475,677

JORDAN INVESTMENT TRUST COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to equity shareholders of the company									
				Reserves						
	Paid in capital	Treasury shares	Share premium	Statutory	Voluntary	Fair value reserve	Retained Earnings	Total	Non-controlling interests	Total equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the year ended 31 December 2020										
Balance as at 1 January 2020	27,270,078	-	-	1,342,748	-	16,859	5,153,971	33,783,656	1,842,946	35,626,602
Total comprehensive income for the year	-	-	-	-	-	50,259	(969,961)	(919,702)	(91,034)	(1,010,736)
Dividends (note 12)	-	-	-	-	-	-	(3,500,000)	(3,500,000)	-	(3,500,000)
Balance as of 31 December 2020	27,270,078	-	-	1,342,748	-	67,118	684,010	29,363,954	1,751,912	31,115,866
For the year ended 31 December 2019										
Balance as at 1 January 2019	29,513,889	(3,130,164)	746,349	2,627,073	154,602	(252,131)	(1,438,927)	28,220,691	1,934,415	30,155,106
Treasury shares write off (note 12)	(2,243,811)	3,130,164	(746,349)	-	-	-	(140,004)	-	-	-
Accumulated losses write off (note 12)	-	-	-	(1,284,325)	(154,602)	-	1,438,927	-	-	-
Total comprehensive income for the year	-	-	-	-	-	202,998	5,298,078	5,501,076	(25,399)	5,475,677
Acquisition of non- controlling interest	-	-	-	-	-	-	-	-	(4,181)	(4,181)
Acquisition of non– controlling interest from subsidiary’s capital increase (note 21)	-	-	-	-	-	65,992	(4,103)	61,889	(61,889)	-
Balance as of 31 December 2019	27,270,078	-	-	1,342,748	-	16,859	5,153,971	33,783,656	1,842,946	35,626,602

The accompanying notes from 1 to 29 form part of these consolidated financial statements

JORDAN INVESTMENT TRUST COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
OPERATING ACTIVITIES		JD	JD
(Loss) profit for the year before tax		(1,014,270)	5,979,071
Adjustments -			
Interest Income		(162,505)	(22,344)
Provision for expected credit losses	5	(17)	23,251
Provision for impairment of investment properties	9	161,932	141,792
Depreciation		142,544	128,291
Loss on revaluation of financial assets at fair value through profit and loss	14	198,998	3,648
Share of loss (profit) from associate	6	213,138	(7,113,978)
Changes in working capital -			
Financial assets at fair value through profit or loss		(63,270)	(19,300)
Accounts receivable and other debit balances		(42,627)	16,682
Accounts payable and other credit balances		(229,511)	200,265
Income tax paid	17	(710,406)	(40,105)
Net cash used in operating activities		(1,505,994)	(702,727)
INVESTING ACTIVITIES			
Purchase of property and equipment	8	(24,990)	(22,387)
Purchase of investment property	9	(366,495)	(1,195,789)
Dividends received from associate	6	-	9,851,251
Purchase of financial assets at fair value through other comprehensive income		(424,798)	-
Investment in subsidiary		-	(4,181)
Interest income received		162,505	22,344
Net cash (used in) from investing activities		(653,778)	8,651,238
FINANCING ACTIVITIES			
Dividends paid		(3,394,843)	-
Loans repayments		(153,396)	(126,396)
Net cash used in financing activities		(3,548,239)	(126,396)
Net (decrease) increase in cash and cash equivalents		(5,708,011)	7,822,115
Cash and cash equivalents at beginning of the year		8,107,991	285,876
Cash and cash equivalents at end of the year	3	2,399,980	8,107,991

The accompanying notes from 1 to 29 form part of these consolidated financial statements

(1) GENERAL

Jordan Investment Trust was incorporated in Jordan as a public shareholding company and registered on April 23, 1998 with an authorized capital of JD 20,000,000 divided into 20,000,000 shares, at a par value of 1JD each. The authorized, issued and paid up capital was increased several times over the years to reach JD 27,270,078.

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

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

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

The financial statements were authorized for issue by the Board of Directors in their meeting held on 15 February 2021. These financial statements require the General Assembly's approval.

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

(2) BASIS OF PREPARATION AND THE ACCOUNTING POLICIES

Basis of preparation

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

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

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

Basis of consolidation

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

Group controls an investee only if the Group has:

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

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

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

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

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

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

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

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

Use of Estimates

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

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

CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 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 consolidated financial statements of the Group but may impact future periods should the Group 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 consolidated financial statements of, nor is there expected to be any future impact to, the Group.

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 consolidated financial statements of the Group 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. These amendments have no impact on the consolidated financial statements of the Group

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts receivable

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

Investments in associates

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

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

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

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

The Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associates in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are recorded at fair value plus acquisition costs at the date of acquisition and subsequently measured at fair value. Changes in fair value are reported as a separate component in the consolidated statement of other comprehensive income and in the consolidated statement of changes in equity, including the change in fair value resulting from conversion differences of non-cash items of assets at foreign currencies. In case of sale of such assets or part of it, the gain or loss is recorded in the consolidated statement of other comprehensive income and in the consolidated statement of changes in equity, and the valuation reserve balance for sold assets will be transferred directly to retained earnings. These assets are not subject to impairment testing and dividends received are recognised in the consolidated income statement when declared.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are recorded at fair value plus acquisition costs at the date of acquisition and subsequently measured at fair value. Changes in fair value are reported as a separate component in the consolidated statement of comprehensive income at including the change in fair value resulting from conversion differences of non-cash items of assets at foreign currencies. In case of sale of such assets or part of it, the gain or loss is recorded in the consolidated statement of comprehensive income.

Dividend and interest income are recorded in the consolidated statement of comprehensive income

Operating lease

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

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value if any.

Depreciation of property and equipment (except lands) is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	%
Buildings	2
Equipment	5-25
Furnitures, fixtures and decorations	10-20
Vehicles	10

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

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

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

Investment property
Investment properties are measured at cost less any accumulated depreciation.

Investment properties (except lands) are depreciated in accordance with their useful lives on a straight-line basis using annual depreciation rate of 2-4%.

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

Income tax
The income tax provision is calculated in accordance with the Income Tax Law No. 38 of 2018 and IAS 12 which requires the recognition of deferred taxes resulting from the temporary differences between the carrying amount of an asset or liability and its tax base.

Term loans

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

Provisions

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

Cash and cash equivalents

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

Revenue and expenses recognition

Revenue is recognized in accordance with International Accounting Standard No. (15), whereby the standard defines a five-step model for recognizing revenue from contracts with customers, and revenue is recognized at a value that represents the amount that the Company expects to receive in return for providing services to the customer at a particular point in time when a process is fulfilled for trading securities to the customer at a time when the customer receives and uses the features and services provided by the company.

Other revenues are recognized on an accrual basis.

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

Expenses are recognized on an accrual basis.

Loans Interest

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

Foreign currency transactions

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

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

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

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

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

Offsetting

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

Segment reporting

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

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

Fiduciary assets

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

Fair value

The Group measures financial instruments such as financial assets at fair value at the financial statements date as illustrated in disclosure (23).

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

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

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

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

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

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

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

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

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

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

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

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The Group has established a provision matrix that is based on its historical credit loss experience, market available specific credit default ratios of counterparties, adjusted for forward-looking factors specific to the debtors and the economic environment. These ratios are applied to trade receivables, refundable deposits, restricted cash and bank balances.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Impairment of non-financial assets

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

(3) CASH ON HAND AND AT BANKS

This item represents the following:

	2020	2019
	JD	JD
Cash on hand	682	339
Call deposits	-	11,139
Time deposits *	2,060,000	7,542,946
Current accounts	339,298	553,567
	2,399,980	8,107,991

*Time deposits represent monthly deposits in Jordanian Dinar with an annual average interest rate of 4% as of 31 December 2020 (31 December 2019: 3.25%-5%)

(4) FINANCIAL ASSETS AT FAIR VALUE

A. Financial assets at fair value through profit or loss

	2020	2019
	JD	JD
Investments in shares of listed companies	1,774,080	1,909,808

B. Financial assets at fair value through other comprehensive income

	2020	2019
	JD	JD
Investment in shares of listed companies	3,795,855	3,762,321
Investment in shares of unlisted companies	1,125,496	700,698
	4,921,351	4,463,019

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

Movement on fair value reserve is as follows:

	2020	2019
	JD	JD
Balance as of January 1	16,859	(252,131)
Change in fair value during the year	50,259	202,998
Acquisition of non-controlling interest from subsidiary's capital increase	-	65,992
Balance as of December 31	67,118	16,859

(5) ACCOUNTS RECEIVABLE - NET

This item represents the following:

	2020	2019
	JD	JD
Brokerage receivables	638,805	638,991
Employees' receivables	9,765	9,681
Less: provision for expected credit loss	(570,051)	(570,068)
	78,519	78,604

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

	2020	2019
	JD	JD
Balance as of January 1	570,068	546,817
Additions during the year	-	23,251
Reversal of provision for expected credit loss	(17)	-
Balance as of December 31	570,051	570,068

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

	Past due not impaired		Total
	181-360 days	Over 360 days	
	JD	JD	JD
2020	-	78,519	78,519
2019	-	78,604	78,604

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

(6) INVESTMENT IN ASSOCIATE

This item represents the following:

	Ownership percentage	Country of incorporation	Nature of activity	2020	2019
	%			JD	JD
First Education Holding	31.6	Bahrain	Education	10,363,112	10,576,250

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

	2020	2019
	JD	JD
Balance as of 1 January	10,576,250	13,313,523
Group net share from (loss) profit	(213,138)	7,113,978
Dividends received from associate	-	(9,851,251)
Balance as of December 31	10,363,112	10,576,250

Summary of financial position Statement:

	2020	2019
	JD'000	JD'000
Current assets	25,037	56,016
Non – current assets	17,953	17,115
Current liabilities	(8,942)	(39,421)
Non – current liabilities	(1,254)	(242)
Net assets	32,794	33,468
Group's Share from net assets	10,363	10,576
Book Value of Investment	10,363	10,576

Summary of Income statement:

	2020	2019
	JD'000	JD'000
Revenues	10,319	9,726
Capital gain	-	23,824
Expenses	(10,994)	(7,480)
Provision for contingent liabilities	-	(3,545)
(Loss) profit of the year	(675)	22,525
Group's share of (Loss) profit	(213)	7,114

(7) OTHER DEBIT BALANCES

This item consists of the following:

	2020	2019
	JD	JD
Income tax deposits	23,484	19,698
Prepaid expenses	36,125	57,690
Refundable deposits	78,234	79,754
Account receivables - investments	340,096	340,096
Deferred tax asset	10,000	40,000
Accrued revenue	137,887	97,217
Others	146,496	125,138
	772,322	759,593
Less: provision for expected credit loss	(365,000)	(365,000)
	407,322	394,593

(8) PROPERTY AND EQUIPMENT

This item consists of the following:

	Land *	Buildings	Equipment	Furniture, Fixtures and decorations	Vehicles	Total
2020	JD	JD	JD	JD	JD	JD
Cost -						
Balance as of 1 January 2020	895,953	1,660,985	1,302,865	1,202,887	136,304	5,198,994
Additions	-	-	7,094	16,096	1,800	24,990
Balance as of 31 December 2020	895,953	1,660,985	1,309,959	1,218,983	138,104	5,223,984
Accumulated Depreciation -						
Balance as of 1 January 2020	-	549,795	1,283,409	1,078,608	78,026	2,989,838
Deprecation for the year	-	28,970	11,977	7,256	17,759	65,962
Balance as of 31 December 2020	-	578,765	1,295,386	1,085,864	95,785	3,055,800
Net Book Value						
as at 31 December 2020	895,953	1,082,220	14,573	133,119	42,319	2,168,184

	Land *	Buildings	Equipment	Furniture, Fixtures and decorations	Vehicles	Total
2019	JD	JD	JD	JD	JD	JD
Cost -						
Balance as of 1 January 2019	895,953	1,660,985	1,289,639	1,193,726	136,304	5,176,607
Additions	-	-	13,226	9,161	-	22,387
Balance as of 31 December 2019	895,953	1,660,985	1,302,865	1,202,887	136,304	5,198,994
Accumulated Depreciation -						
Balance as of 1 January 2019	-	520,825	1,272,737	1,067,381	60,495	2,921,438
Deprecation for the year	-	28,970	10,672	11,227	17,531	68,400
Balance as of 31 December 2019	-	549,795	1,283,409	1,078,608	78,026	2,989,838
Net Book Value						
as at 31 December 2019	895,953	1,111,190	19,456	124,279	58,278	2,209,156

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

(9) INVESTMENT PROPERTIES

This item consists of the following:

	Land	Buildings	Projects under construction	Advance payment for investment property	Total
2020	JD	JD	JD	JD	JD
Cost -					
Balance as of 1January 2020	3,460,691	5,532,250	1,944,013	141,792	11,078,746
Additions	257,545	108,950	-	-	366,495
Balance as of 31 December 2020	3,718,236	5,641,200	1,944,013	141,792	11,445,241
Accumulated Depreciation -					
Balance as of 1January 2020	-	689,226	-	141,792	831,018
Deprecation for the year	-	76,582	-	-	76,582
Provision for impairment	-	161,932	-	-	161,932
Balance as of 31 December 2020	-	927,740	-	141,792	1,069,532
Net Book Value					
as at 31 December 2020	3,718,236	4,713,460	1,944,013	-	10,375,709
2019					
Cost -					
Balance as of 1January 2019	2,719,023	5,097,516	1,944,013	122,405	9,882,957
Additions	741,668	434,734	-	19,387	1,195,789
Balance as of 31 December 2019	3,460,691	5,532,250	1,944,013	141,792	11,078,746
Accumulated Depreciation -					
Balance as of 1January 2019	-	629,335	-	-	629,335
Deprecation for the year	-	59,891	-	-	59,891
Provision for impairment	-	-	-	141,792	141,792
Balance as of 31 December 2019	-	689,226	-	141,792	831,018
Net Book Value					
as at 31 December 2019	3,460,691	4,843,024	1,944,013	-	10,247,728

- The fair value of the investment properties as assessed by the real estate evaluator equals an amount of JD 13,872,672 as of 31 December 2020 (31 December 2019: JD 13,062,262).

(10) LOANS

This item consists of the following:

	Loan installments			
	Short term	Long term	2020	2019
	JD	JD	JD	JD
The Bank of Jordan (1)	26,347	-	26,347	59,347
The Bank of Jordan (2)	12,396	12,420	24,816	37,212
The Bank of Jordan (3)	108,000	243,000	351,000	459,000
			402,163	555,559

The Bank of Jordan Loan (1)

On 2 September 2010, the Group signed a loan agreement with the Bank of Jordan for an amount of JD 1,650,000 at an annual interest rate of 8.5%. the loan is due after a grace period of 2 years over 60 monthly installments of JD 32,616 each, the first of which fell due on 19 September 2012 until the final settlement, the loan is secured by the mortgage of the property owned by Al Tawon Real Estate Management Company (Subsidiary) which is equal to JD 900,000. In 2018 the loan was rescheduled, and the monthly installment was now JD 2,750 instead of JD 32,616 starting from 14 November 2018 and holds an annual interest rate of 9,25%. During 2020 interest rate was decreased to 8,25%.

The Bank of Jordan Loan (2)

On 11 January 2017, the Group signed a loan agreement with the Bank of Jordan for an amount of JD 74,400 with an annual interest rate of 8.75%. The loan is payable in 60 monthly installments of JD 1,033 each, starting on 31 January 2017. The loan was used to finance the purchase of a new vehicle. During 2020 interest rate was decreased to 8%.

The Bank of Jordan Loan (3)

On 2 October 2018, the Group signed a loan agreement with the Bank of Jordan for an amount of JD 540,000 with an annual interest rate of 9%. The loan is payable after a grace period of 5 months in 60 monthly installments of JD 9,000 each, starting on 21 April 2019. The loan is secured by the mortgage of the property owned by AlTawon Real Estate Management Company (Subsidiary) by JD 900,000. During 2020 interest rate was decreased to 8,25%.

(11) OTHER CREDIT LIABILITIES

This item consists of the following:

	2020	2019
	JD	JD
Portfolios payables	102,742	100,370
Withholding deposits	37,841	27,560
Bonuses and incentives for employees	14,559	260,258
Provision for employees' vacation allowance	55,320	57,611
Accrued expenses	45,815	45,214
Due to shareholders	152,698	124,436
Others	414,259	427,300
	823,234	1,042,749

(12) EQUITY

Legal Reserves-

The Shareholders' general assembly approved in its extraordinary meeting on 25 April 2019 to write off the Group's accumulated losses amounting to JD 1,438,927 as of 31 December 2018 in the voluntary and statutory reserves by JD 154,602 and JD 1,284,325 respectively, so that the balance of accumulated losses and statutory reserve after the write off will become zero and JD 1,342,748 respectively. The legal procedures were completed for this transaction on 20 September 2019.

Share Capital Reduction-

The Shareholders' general assembly approved in its extraordinary meeting on 25 April 2019 to transfer 2,053,806 treasury shares with par value of JD 1 from Trust and Dubai Investment (subsidiary) to Jordan Investment Trust Company. This will result in a discount of JD 783,749 that will be accounted for in the shares premium and accumulated losses, so that the balance of the share premium will be zero. The legal procedures of transferring the shares from Trust and Dubai Investment Company to Jordan Investment Trust Company were completed on 10 July 2019.

Also, the general assembly approved to reduce the Company's share capital by 2,243,811 shares so that the authorized, issued and paid up capital will be 27,270,078 shares instead of 29,513,889 shares through the write-off of the transferred treasury shares of Trust and Dubai Investments (subsidiary) to Jordan Investment Trust Company, and the 190,005 treasury shares owned by Jordan Investment Trust Company. The Legal procedures to reduce share capital were completed and approved by the Ministry of Industry and Trade on 3 September 2019, and by Securities Depository Center on 30 September 2019.

Dividends-

The shareholders' general assembly approved in its ordinary meeting held on 20 May 2020 the distribution of cash dividends of 1 JD per share at 12,835% of the capital amounting to JD 3,500,000.

(13) NON-CONTROLLING INTERESTS

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

	Ownership %	2020	2019
		JD	JD
Al - Ihdathiat Real Estate Company	41,42%	1,563,551	1,627,444
Imcan for Financial Services	22,84%	188,361	215,502
		1,751,912	1,842,946

(14) GAINS FROM FINANCIAL ASSETS

	2020	2019
	JD	JD
Realized losses	(371)	-
Dividends income	229,419	236,065
Change in fair value of financial assets through profit or loss	(198,998)	(3,648)
	30,050	232,417

(15) OTHER INCOME

	2020	2019
	JD	JD
Rent revenue	108,180	123,798
Other	31,650	9,404
	139,830	133,202

(16) ADMINISTRATIVE EXPENSES

	2020	2019
	JD	JD
Salaries, wages and employees' benefits	349,290	377,280
Bonuses and incentives	2,514	260,126
Travel and transportation	34,923	76,540
Legal and professional fees	87,564	89,481
Insurance	10,081	10,473
Mail and telephone	13,407	21,616
Stationery and publications	6,765	7,267
Advertisement	3,759	14,369
Hospitality	5,392	12,729
Government fees and licenses	100,475	79,185
Cleaning and maintenance services	32,633	25,264
Subscriptions	14,956	18,088
Donations	45,000	37,500
Depreciation	142,544	128,291
Training	-	12,671
Board of Directors transportation	11,900	15,400
Water and electricity	4,904	4,827
Non-refundable income tax	12,357	50,562
Others	23,934	32,964
	902,398	1,274,633

(17) INCOME TAX

Movement on income tax provision is as follows:

	2020	2019
	JD	JD
Balance as of 1 January	710,552	40,251
Income tax provision	-	710,406
Paid income tax	(710,406)	(40,105)
Balance as of 31 December	146	710,552

The movement on the income tax expense in consolidated comprehensive income statement is as follows:

	2020	2019
	JD	JD
Amortized deferred tax assets	30,000	-
Income tax provision	-	710,406
	30,000	710,406

Income tax provision for the year ended 31 December 2020 and 2019 was calculated in accordance with the income tax law No. (38) of 2018.

Jordan Investment Trust Company submitted tax declarations for the years 2016, 2017 2018 and 2019, however the income tax department did not review it to the date of preparing these financial statements. A final settlement was reached with the income tax department until the end of the financial year 2015.

(18) (LOSSES) EARNINGS PER SHARE

	2020	2019
	JD	JD
(Loss) profit for the year attributable to shareholders (JD)	(969,961)	5,298,078
Weighted average number of shares (share)	27,270,078	27,270,078
	Fils /JD	Fils JD
Basic and diluted (losses) earnings per share	(0/036)	0/194

(19) CONTINGENT LIABILITIES

Bank Guarantees:

As of the date of the financial statements, the Group is contingently liable in respect of a bank guarantee amounting to JD 1,440,000 as of 31 December 2020 (2019: JD 1,440,000) for the benefit of the Jordan Securities Commission in accordance with the Jordan Securities Commission Law No. 76 of 2007, in addition to other bank letters of guarantee for the benefit of the Securities Depository Center amounting to JD 150,000 as of 31 December 2020 (2019: JD 150,000) with security deposits of JD 67,000 as of 31 December 2020 (2019: JD 67,000)

Litigations held against the group:

There are no lawsuits raised against the group.

(20) OFF-BALANCE SHEET ITEMS

The Group holds investments for others amounting to JD 715,777 as at 31 December 2020 (2019: JD 657,560).

(21) RELATED PARTIES TRANSACTIONS

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

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

Subsidiaries

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

Company's name	Country of incorporation	Ownership percentage	Company's capital 2020	Company's capital 2019
		%	JD	JD
Medical Clinics	Jordan	100	1,958,843	1,958,843
Imcan for Financial Services	Jordan	77	1,359,897	1,359,897
Akar Limited Company	British Virgin Islands	100	300,000	300,000
Amwaj Financial Investments	Jordan	100	60,000	60,000
Mazaya Financial Investments	Jordan	100	60,000	60,000
Burhan Al-Thiqa Financial Investments	Jordan	100	60,000	60,000
Knowledge Bases Financial Investments	Jordan	100	60,000	60,000
Al Rafah Financial Investments	Jordan	100	60,000	60,000
Trust and Sham Financial Investments	Jordan	100	81,000	81,000
Trust and Hospitality Financial Investments	Jordan	100	50,000	50,000
Al Sahel Financial Investments	Jordan	100	60,000	60,000
The Arabian Coffee	Jordan	100	60,000	60,000
Zohoor Al-Thiqa for Real Estate	Jordan	100	50,000	50,000
Al Olbah Real Estate	Jordan	100	50,000	50,000
Al Tawon for Real Estate Management	Jordan	100	10,000	10,000
Al-Ihdathiat Real Estate Company	Jordan	58	4,486,627	4,486,627
Trust and Dubai Investment	Jordan	100	2,334,842	2,334,842

*The Company has increased its share in Imcan for financial services Company during 2019 from 73.22% to 77.16% through cash deposit of JD 136,315 and the capitalization of partner's current account by an amount of JD 63,685 which resulted in the acquisition of 4% that equals JD 61,889 from the non- controlling interest shares.

Executive management's Compensations and remunerations

The remuneration of executive management was as follows:

	2020	2019
	JD	JD
Salaries and bonuses	403,806	219,522

Account receivables and payables include related parties' transactions as follows:

	2020	2019
	JD	JD
Account receivables	4,018	1,417

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

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

	2020	2019
	JD	JD
Brokerage commissions income	361	129

(22) MATERIAL SUBSIDIARIES AND PARTIALLY OWNED BY THE GROUP

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

			Ownership percentage	
Company's name	Country of incorporation	Nature of activity	2020	2019
Al-Ihdathiat Real Estate Company	Jordan	Property Investments	58,58%	58,58%
Imcan for Financial Services	Jordan	Brokerage	77,16%	77,16%

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

a. Summary of financial position statement

	Imcan for Financial Services Company		Al-Ihdathiat Real Estate Company	
	2020	2019	2020	2019
	JD	JD	JD	JD
Current assets	326,924	234,560	4,188	24,344
Non- current assets	710,713	814,317	3,899,383	4,009,423
Current Liabilities	(212,937)	(105,452)	(128,701)	(104,302)
Net equity	824,700	943,425	3,774,870	3,929,465
Non- controlling interest	188,361	215,502	1,563,551	1,627,444

b. Summary of income statement

	Imcan for Financial Services Company		Al-Ihdathiat Real Estate Company	
	2020	2019	2020	2019
	JD	JD	JD	JD
Total revenues	17,239	14,777	3,421	4,615
Total expenses	(109,110)	(100,084)	(132,158)	(28,577)
(Loss) for the year	(91,871)	(85,307)	(128,737)	(23,962)

c. Summary of cash flow statement

	Imcan for Financial Services Company		Al-Ihdathiat Real Estate Company	
	2020	2019	2020	2019
	JD	JD	JD	JD
Cash flows				
Operating activities	36,845	(47,288)	(12,608)	(22,330)
Investing activities	29	(450)	26	537
Financing activities	63,370	68,386	-	-
Net increase (decrease) in cash and cash equivalents	100,244	20,648	(12,582)	(21,793)

(23) FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, financial assets at fair value through profit or loss, customers' accounts receivable, financial assets at fair value through other comprehensive income, and some other current assets. Financial liabilities consist of, loans, customers' accounts payable, and some other credit balances.

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

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

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

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

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

	First level	Third level	Total
	JD	JD	JD
2020 -			
Financial assets			
Financial assets at fair value through profit or loss	1,774,080	-	1,774,080
Financial assets at fair value through other comprehensive income	3,795,853	1,125,498	4,921,351
2019 -			
Financial assets			
Financial assets at fair value through profit or loss	1,909,808	-	1,909,808
Financial assets at fair value through other comprehensive income	3,762,321	700,698	4,463,019

(24) RISK MANAGEMENT

Interest rate risk

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

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

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

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

2020-	Increase in basis points (Point)	Effect on loss JD
currency JD	100	16,578

2019-	Increase in basis points (Point)	Effect on profit JD
currency JD	100	70,031

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

Liquidity risk

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

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

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

	Less than 3 months	3 to 12 months	1 to 5 years	Total
31 December 2020	JD	JD	JD	JD
Loans	39,116	117,066	275,854	432,036
Brokerage payable	146,848	-	-	146,848
Other Credit Balances	753,550	-	-	753,550
Total	939,514	117,066	275,854	1,332,434
31 December 2019				
Loans	39,202	125,286	437,956	602,444
Brokerage payable	51,687	-	-	51,687
Other Credit Balances	724,880	-	-	724,880
Total	815,769	125,286	437,956	1,379,011

Equity price risk

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

	Change in equity price	Effect on loss	Effect on equity
2020 -	%	JD	JD
Index			
Amman Stock Market	+5	88,704	189,792

	Change in equity price	Effect on Profit	Effect on equity
	%	JD	JD
2019 -			
Index			
Amman Stock Market	+5	95,490	188,116

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

Credit risk
This is the risk that the debtors and other parties will fail to discharge their obligations to the Group.
The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Group has its deposits and funds in leading financial institutions.

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

(25) SEGMENTAL INFORMATION

Segmental information for the basic sectors:

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

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

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

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

	Financial Investments	Investment properties	Others	Total
	JD'000	JD'000	JD'000	JD'000
2020 -				
Segment revenues	(15)	108	31	124
Distributed expenses	(688)	(104)	(346)	(1,138)
Loss before income tax	(703)	4	(315)	(1,014)
Income tax expense				(30)
Loss for the year after tax				(1,044)
2019 -				
Segment revenues	7,378	124	10	7,512
Distributed expenses	(1,128)	(102)	(303)	(1,533)
Profit before income tax	6,250	22	(293)	5,979
Income tax expense				(710)
Profit for the year after tax				5,269

	Financial Investments	Investment properties	Others	Total
2020-				
Assets and Liabilities				
Segment assets	21,627	10,376	485	32,488
Segment liabilities	584	68	720	1,372
2019 -				
Assets and Liabilities				
Segment assets	27,267	10,248	472	37,987
Segment liabilities	699	64	1,598	2,361

Secondary segment information:

Assets, liabilities and revenues were distributed geographically as follows:

	Local	Foreign	Total
2020 -	JD	JD	JD
Assets	21,413,976	11,074,281	32,488,257
Liabilities	1,372,391	-	1,372,391
Revenues	337,849	(213,138)	124,711

	Local	Foreign	Total
2019 -	JD	JD	JD
Assets	27,124,023	10,863,126	37,987,149
Liabilities	2,360,547	-	2,360,547
Revenues	397,751	7,113,978	7,511,729

(26) MATURITIES ANALYSIS OF ASSETS AND LIABILITIES

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

	Within one year	More than one year	Total
	JD	JD	JD
2020 -			
Assets			
Cash on hand and at banks	2,399,980	-	2,399,980
Financial assets at fair value through profit or loss	1,774,080	-	1,774,080
Financial assets at fair value through other comprehensive income	-	4,921,351	4,921,351
Accounts receivable – net	78,519	-	78,519
Investments in associate	-	10,363,112	10,363,112
Other debit balances	407,322	-	407,322
Property and equipment	-	2,168,184	2,168,184
Investment properties	-	10,375,709	10,375,709
Total assets	4,659,901	27,828,356	32,488,257
Liabilities-			
Loans	146,743	255,420	402,163
Brokerage payable	146,848	-	146,848
Other credit balances	823,234	-	823,234
Income tax provision	146	-	146
Total liabilities	1,116,971	255,420	1,372,391
Net	3,542,930	27,572,936	31,115,866
2019 -			
Assets			
Cash on hand and at banks	8,107,991	-	8,107,991
Financial assets at fair value through profit or loss	1,909,808	-	1,909,808
Financial assets at fair value through other comprehensive income	-	4,463,019	4,463,019
Accounts receivable – net	78,604	-	78,604
Investments in associate	-	10,576,250	10,576,250
Other debit balances	394,593	-	394,593
Property and equipment	-	2,209,156	2,209,156
Investment properties	-	10,247,728	10,247,728
Total assets	10,490,996	27,496,153	37,987,149
Liabilities-			
Loans	153,396	402,163	555,559
Brokerage payable	51,687	-	51,687
Other credit balances	1,042,749	-	1,042,749
Income tax provision	710,552	-	710,552
Total liabilities	1,958,384	402,163	2,360,547
Net	8,532,612	27,093,990	35,626,602

(27) CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. During 2019 the Company has reduced its capital to reach 27,270,078 JD/ share (note 12).

The underlying items in capital structure are represented in share capital, treasury shares, share premium, statutory reserve, voluntary reserve and retained earnings measured at JD 29,296,836 as at 31 December 2020 (2019: JD 33,766,797).

(28) 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 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 group.

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 group.

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 group.

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 group.

(29) THE SPREAD OF COVID-19 AND ITS IMPACT ON THE GROUP

As a result of the continuing impact of the Coronavirus (Covid-19) on the global economy and various business sectors, and the accompanying restrictions and measures imposed by the Jordanian government, neighboring countries and the rest of the world, it is possible that operational and investment activities will be affected by global developments that are currently affecting various economic and geographical sectors. The management has evaluated the impact of the Coronavirus on the group's activities and financial performance to take appropriate measures to enable it to continue its activities, recover its assets, and pay its obligations under the circumstances. Group management believes that the impact will be limited to decrease in value of the group's investment portfolio in the stock market and a decrease in the profit from associate.