

AL AMAL FINANCIAL INVESTMENTS COMPANY
PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2021



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**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF AL AMAL FINANCIAL INVESTMENTS COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed financial statements of Al Amal Financial Investments Company (Public Shareholding Company) as of 31 March 2021, comprising the interim condensed statement of financial position as of 31 March 2021, and the interim condensed statement of income, the interim condensed statement of comprehensive income, interim condensed statement of changes in equity and interim condensed statement of cash flows for the three-months period then ended, and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial information in accordance with IAS 34 “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the independent Auditor of the Entity”. A review of Interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Amman – Jordan
28 April 2021

A handwritten signature in blue ink that reads 'Ernst + Young'.

AL AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	31 March 2021	31 December 2020
		JD (Unaudited)	JD (Audited)
<u>ASSETS</u>			
Cash on hand and at banks	3	2,651,357	2,490,081
Trade receivables – net	4	3,735,220	4,441,399
Margin receivables – net	5	2,723,954	2,754,668
Other current assets	6	127,438	139,045
Property and equipment – net	7	213,354	170,244
Financial assets at fair value through other comprehensive income	8	733,459	517,911
Financial assets at fair value through profit or loss	8	940,701	370,942
Deferred tax assets	9	1,258,973	1,317,548
Total assets		12,384,456	12,201,838
<u>LIABILITIES AND EQUITY</u>			
Liabilities			
Trade payables		353,272	367,698
Other current liabilities		150,570	150,911
Income tax provision	9	71,649	56,267
Total liabilities		575,491	574,876
Equity			
Paid in capital		15,000,000	15,000,000
Statutory reserve		1,706,748	1,706,748
Fair value reserve	8	(185,613)	(177,439)
Accumulated losses		(4,712,170)	(4,902,347)
Total Equity		11,808,965	11,626,962
Total liabilities and equity		12,384,456	12,201,838

The accompanying notes from 1 to 13 are part of these interim condensed financial statements

**AL AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

	Note	For the three months ended	
		31 March	
		2021	2020
		JD	JD
Revenue			
Brokerage commission		33,384	62,643
Margin finance commission		1,227	6,502
Margin finance interest and interest income		155,990	170,407
Dividends revenue		1,096	-
Other revenues		15	28,964
Unrealized gain from revaluation of financial assets at fair value through profit or loss		36,200	-
Total revenue		227,912	268,516
Expenses			
Salaries, wages and employees' benefits		(45,032)	(54,052)
Stock exchange, center and commission fees		(35,576)	(35,520)
Bank fees and commissions		(1,294)	(1,554)
General and administrative expenses		(91,071)	(88,731)
Reversal of provision for expected credit losses		209,198	-
Total Expenses		36,225	(179,857)
Profit for the period before income tax		264,137	88,659
Income tax expense	9	(73,957)	(24,825)
Profit for the period		190,180	63,834
		Fils/JD	Fils/JD
Basic and diluted earnings per share from profit for the period		0.013	0.004

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AL AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)

	For the three months ended 31 March	
	2021	2020
	JD	JD
Profit for the period	190,180	63,834
Other comprehensive income items not to be reclassified to profit or loss in subsequent periods		
Loss on revaluation of financial assets at fair value through other comprehensive income for the year	<u>(8,177)</u>	<u>(13,345)</u>
Total comprehensive income for the period	<u>182,003</u>	<u>50,489</u>

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AL AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)

	Paid in capital	Statutory reserve	Fair value reserve	Accumulated Losses	Total
	JD	JD	JD	JD	JD
For the three months period ended 31 March 2021 -					
Balance as of 1 January 2021	15,000,000	1,706,748	(177,439)	(4,902,347)	11,626,962
Total comprehensive income	-	-	(8,177)	190,180	182,003
Losses on sale of financial assets through other comprehensive income	-	-	3	(3)	-
Balance as of 31 March 2021	15,000,000	1,706,748	(185,613)	(4,712,170)	11,808,965
For the three months period ended 31 March 2020 -					
Balance as of 1 January 2020	15,000,000	1,597,984	(176,753)	(5,575,282)	10,845,949
Total comprehensive income	-	-	(13,345)	63,834	50,489
Balance as of 31 March 2020	15,000,000	1,597,984	(190,098)	(5,511,448)	10,896,438

The accompanying notes from 1 to 13 are an integral part of these financial statements

AL AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)

	<u>Notes</u>	31 March 2021 JD	31 March 2020 JD
<u>Operating Activities</u>			
Profit for the period before income tax		264,137	88,659
Adjustments for:			
Reversal of provision for expected credit losses		(209,198)	
Depreciation		2,803	4,071
Bank fees and commissions		1,294	1,554
Gain on sale of property and equipment		-	(3,362)
Unrealized gain from revaluation of financial assets at fair value through profit or loss		(36,200)	-
Working capital changes:			
Margin receivables		14,085	138,102
Trade receivables		932,006	(135,151)
Other current assets		11,607	21,675
Trade payables		(14,426)	(175,783)
Other current liabilities		(341)	(38,830)
Net cash flows from (used in) operating activities		965,767	(99,065)
<u>Investing Activities</u>			
Purchases of property and equipment	7	(45,913)	(400)
Proceeds from sale of property and equipment		-	37,500
Proceeds from sale of investments at fair value through other comprehensive income		7	-
Purchases of financial assets at fair value through other comprehensive income		(223,732)	-
Purchases of financial assets at fair value through profit or loss		(533,559)	-
Net cash flows (used in) from investing activities		(803,197)	37,100
<u>Financing Activities</u>			
Paid finance cost		(1,294)	(1,554)
Net cash flows (used in) financing activities		(1,294)	(1,554)
Net increase (decrease) in cash and cash equivalent		161,276	(63,519)
Cash and cash equivalent - beginning of the period		2,490,081	759,769
Cash and cash equivalent - end of the period	3	2,651,357	696,250

The accompanying notes from 1 to 13 are an integral part of these financial statements

AL AMAL FINANCIAL INVESTMENTS COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
AS AT 31 MARCH 2021 (UNAUDITED)

1- General

Al-Amal Financial Investments Company (“the Company”) is a Jordanian public shareholding Company registered on 17 October 2005 under commercial registration number (370) after the change of its legal form, from a Limited Liability Company to a Public Shareholding Company.

The Company’s paid in capital is JD 15,000,000 divided into 15,000,000 shares; with a par value of 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 movable and immovable assets for the purposes of achieving the Company’s objectives, borrowing from banks, buying, renting, pledging and importing any of movable and immovable assets 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 interim condensed financial statements were approved by the board of directors on 27 April 2021.

The Company’s headquarter is in Amman - Hashemite kingdom of Jordan

2- Accounting Policies

(2-1) Basis of preparation

The accompanying interim condensed financial statements for the three months period ended 31 March 2021 were prepared in accordance with the International Accounting Standard (IAS) 34 “interim financial reporting”.

The condensed interim financial information is presented in Jordanian Dinar, which is the Company’s functional currency.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company’s annual financial statements as at 31 December 2020. In addition, the results for the three months ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

(2-2) Significant accounting policies

Changes in accounting policies

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020 except for the adoption of new standards effective as of 1 January 2021 shown below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

(2-3) 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 losses require 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.

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- Income tax provision: The financial period is charged 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.

3- Cash on Hand and at Banks

This item consists of the following:

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	151	135
Bank balances – Current accounts	848,027	680,947
Bank balances – Customers' accounts	278,179	283,999
Bank balances – Deposits*	1,500,000	1,500,000
Brokerage guarantee fund deposit **	25,000	25,000
	2,651,357	2,490,081

* This account represents deposits with the Jordan Commercial Bank in Jordanian dinars which the Company hold for varying periods between one month to one year depending to the Company's cash needs. The interest rate on these deposits was 3.5% for the period ending 31 March 2021 (31 March 31 2020: none)

** 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.

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4- Trade Receivables

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Trade and brokerage receivables	6,005,710	6,704,885
Amounts due from related parties (Note 10)	2,039,025	2,271,856
	<u>8,044,735</u>	<u>8,976,741</u>
Less: Expected credit losses *	<u>(4,309,515)</u>	<u>(4,535,342)</u>
	<u>3,735,220</u>	<u>4,441,399</u>

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

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Balance at 1 January	4,535,342	4,686,205
Allowance for the period / year	238,960	794,092
Reversals during the period / year	<u>(464,787)</u>	<u>(944,955)</u>
Balance at the end of the period / year	<u>4,309,515</u>	<u>4,535,342</u>

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
2021	63,899	507,854	1,246,970	1,916,497	3,735,220
2020	206,689	214,513	2,350,714	1,669,483	4,441,399

Unimpaired trade receivables are expected to be fully recovered based on management judgement. Whereas, the receivables are covered by the customers investment portfolios and the value of the investment portfolios for customers exceeds their receivables balance.

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5- Margin Receivables

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Margin receivables	4,885,806	4,900,519
Due from related parties (Note 10)	21,330	20,702
	<u>4,907,136</u>	<u>4,921,221</u>
Less: Expected credit losses*	(2,183,182)	(2,166,553)
	<u>2,723,954</u>	<u>2,754,668</u>

* Movement on the provision for expected credit losses was as follows:

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Balance at 1 January	2,166,553	2,782,885
Allowance for the period / year	55,645	165,987
Reversals during the period / year	(39,016)	(782,319)
Balance at the end of the period / year	<u>2,183,182</u>	<u>2,166,553</u>

6- Other Current Assets

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Bank guarantees	89,400	89,400
Prepaid expenses	10,438	28,810
Employees' receivables	11,377	11,603
Trading settlement	16,043	9,052
Refundable deposits	180	180
	<u>127,438</u>	<u>139,045</u>

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7- Property and Equipment

The additions to the property and equipment during the three-month period ended 31 March 2021 amounted to JD 45,913 (March 31, 2020: JD 400). The depreciation expense for the three-month period ended 31 March 2021 was JD 2,803 (March 31, 2020: 4,071 JD).

8- Investments in Financial Assets

This account represents the Company's investments in financial assets, either for the purpose of benefiting from the price changes of these investments, and thus they are classified as financial assets at fair value through profit or loss or for the purpose of long-term retention and not for the purposes of trading, and therefore they are classified as financial assets at fair value through other comprehensive income. The details of these investments according to their classification are as follows:

Financial Assets at Fair Value Through Profit or Loss

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Investment in Standard and Poor's Depository Receipt (United States)	940,701	370,942

Financial Assets at Fair Value Through Other Comprehensive Income

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Investment in Med Gulf for Insurance Company	413,459	409,020
Investment in Al- Tajamouat for Touristic Projects Company	320,000	108,891
	733,459	517,911

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

	Balance as of 1 January 2021	Change in fair value	Balance as of 31 March 2021
	JD (Audited)	JD (Unaudited)	JD (Unaudited)
Med Gulf for Insurance Company	(181,099)	4,449	(176,650)
Investment in Al- Tajamouat for Touristic Projects Company	3,660	(12,623)	(8,963)
	<u>(177,439)</u>	<u>(8,174)</u>	<u>(185,613)</u>

9- Income Tax

Income tax has been calculated in accordance with the Jordanian Income Tax Law No. (38) for the year 2018 at a tax rate of 28% (24% + 4% national contribution).

The major components of income tax expense in the interim condensed consolidated statement of comprehensive income for the nine-month period ended 31 March 2021 and 2020 are as follows:

	For the three months ended 31 March	
	2021	2020
	JD (Unaudited)	JD (Unaudited)
Current period income tax charge	15,382	24,825
Amortization of deferred tax assets	58,575	-
	<u>73,957</u>	<u>24,825</u>

The movement on income tax provision is as follows:

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Income tax expense for the period / year	56,267	88,172
Income tax paid	-	(122,932)
Provision for the period / year	15,382	91,027
Balance at the end of the period / year	<u>71,649</u>	<u>56,267</u>

**AL AMAL FOR FINANCIAL INVESTMENTS
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The movement on the deferred tax assets is as follows:

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Balance as of 1 January	1,317,548	1,532,363
Amortization during the period	<u>(58,575)</u>	<u>(214,815)</u>
Balance at the end of the period / year	<u>1,258,973</u>	<u>1,317,548</u>

* Deferred tax assets are calculated at 28% on the provision for expected credit losses.

Final settlement for income tax was reached with the Income and Sales Tax Department until the year 2019 except for the year 2017 where the Company's return was not reviewed by the income and sales department up to the date of the financial statement.

The Company has submitted its income tax return for the year 2020 and it is still not reviewed by the Income Tax Department until the date of these financial statements, and in the opinion of the management and the tax consultant the provision is adequate.

10- Related Parties Transactions

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

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

Following is a summary of balances and transactions with related parties included in the interim statement of financial position and statement of income:

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Trade Receivables - Major shareholders of the Company (Note 4)	<u>2,039,025</u>	<u>2,271,856</u>
Margin Receivables- Major shareholders of the Company (Note 5)	<u>21,330</u>	<u>20,702</u>
Trade Payables- Major shareholders of the Company	<u>649</u>	<u>202</u>

**AL AMAL FOR FINANCIAL INVESTMENTS
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Total trading volume and commission for related parties dealt with during the period:

	31 March 2021 <u>JD</u> (Unaudited)	31 March 2020 <u>JD</u> (Unaudited)
Total trading volume	3,314,066	3,947,782
Total commission	12,737	16,829

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

	31 March 2021 <u>JD</u> (Unaudited)	31 March 2020 <u>JD</u> (Unaudited)
Transportation allowance for members of the Board of Directors	10,500	10,500

During the period, the Company recorded the following salaries and bonuses for the members of the executive management:

	31 March 2021 <u>JD</u> (Unaudited)	31 March 2020 <u>JD</u> (Unaudited)
Executive Management salaries and remuneration	12,829	12,829

11- Contingent Liabilities

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

	31 March 2021 <u>JD</u> (Unaudited)	31 December 2020 <u>JD</u> (Audited)
Bank Guarantees	672,000	672,000
Deposit Securities	89,400	89,400

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Cases brought against the company by others:

The value of cases brought against the company by others was 329,620 Jordanian dinars.

Legal claims

The Company is a defendant in a number of lawsuits as of 31 March 2021 with a total value of JD 329,620 (2020: JD 329,620). Related risks have been analysed as to likelihood of occurrence. Accordingly, the needed provision has been provided against these claims.

12- Fair Value Hierarchy

Fair value of financial assets for the Company which is valued at fair value on continues basis:

Some of financial assets and financial liabilities are measured at fair value at the end of each reporting period, the following table gives information about how fair value of these financial assets and financial liabilities are determined (valuation techniques and key).

Financial Assets	Fair Value		Fair Value Hierarchy
	31 March 2021	31 December 2020	
Financial Assets at Fair Value:	JD (unaudited)	JD (audited)	
Financial assets at fair value through other comprehensive income	733,459	517,911	Level 1
Financial assets at fair value through profit or loss	940,701	370,942	Level 1
Balance at the end of the period	1,674,160	888,853	

13- 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.

Management continues to monitor the impact that the COVID-19 pandemic has on the Company, the brokerage industry and the Jordanian economy, in which the Company operates. Below is the impact of the COVID-19 pandemic on the Company:

A) Brokerage commissions and margin finance commissions

Due to the large negative impact of the pandemic on the volume of trading in the stock market the Company's revenues from brokerage commissions and margin finance commissions decreased significantly during the period ended 31 March 2021 where it was JD 34,611 compared to the same period during the year 2020 where it was JD 69,145, accordingly the decline in revenues amounted to JD 34,570 which represents 50% decrease in the revenues.

B) Accounts receivables

The Company performed a detailed analysis for the impact of the virus on the Company's ability to collect the receivables amounts in addition to the revision of the sufficiency of the provisions for the period ended 31 March 2021. This study will be revised on a periodic basis to evaluate the Company's ability to collect the receivables and any other provisions required due to the economic developments.

C) Investments in Financial Assets

As mentioned in point (a) and due to the large negative impact of the pandemic on the Company's revenues management diversified its investments by entering into foreign markets in order to offset the impact of the pandemic related to the decrease in the brokerage commissions in the local market.

D) Company's liquidity

Management analyze the Company's liquidity needs and in the management opinion the solvency position is and will likely remain within the Company's 'Capital Management Framework' targets. Management believes the preparation of the financial statements on a going concern basis remains appropriate.