

شركة الأمل للاستثمارات المالية
Al-Amal Financial Investments Co.



To: Jordan Securities Commission Amman Stock Exchange Date 29/07/2020 No: - Subject: Quarterly Report as of <u>2020/03/31</u>	السادة هيئة الأوراق المالية السادة بورصة عمان التاريخ: 2020/07/29 الرقم: -أص/221/2020 الموضوع: التقرير ربع السنوي كما هي في 2020/30/31
Attached the Quarterly Report of (AL-AMAL FINANCIAL INVESTMENTS CO) as of 2020/03/31	مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة (الامل للاستثمارات المالية) كما هي بتاريخ 2020/03/31
Kindly accept our highly appreciation and respect Company's Name <u>AL-AMAL FINANCIAL INVESTMENTS CO</u> Signature of the Acting Director General Safwat Abushammaleh	وتفضلوا بقبول فائق الاحترام، شركة <u>الامل للاستثمارات المالية</u> توقيع المدير العام بالوكالة صفوت أبو شمالة  

بورصة عمان
الدائرة الإدارية والمالية
الديوان

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الرقم المتسلسل:

31231

رقم الملف:

22229611

الجهة المختصة:

AL AMAL FINANCIAL INVESTMENTS COMPANY
PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2020



Building a better
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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 2020, comprising the interim condensed statement of financial position as of 31 March 2020, 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

15 July 2020

AL AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

	Notes	31 March 2020	31 December 2019
		JD (Unaudited)	JD (Audited)
<u>ASSETS</u>			
CURRENT ASSETS			
Cash on hand and at banks	3	696,250	759,769
Trade Receivables	4	5,711,145	5,575,994
Margin Receivables	5	2,941,355	3,079,457
Other current assets	6	231,240	252,915
Financial assets at fair value through other comprehensive income	8	400,352	413,697
Property and equipment – net	7	40,466	78,275
Deferred tax assets	9	1,532,363	1,532,363
Total Assets		11,553,171	11,692,470
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities			
Trade payable		370,994	546,777
Other current liabilities		172,742	211,572
Income tax provision	9	112,997	88,172
Total Liabilities		656,733	846,521
Equity			
Paid in capital	1	15,000,000	15,000,000
Statutory reserve		1,597,984	1,597,984
Fair value reserve	8	(190,098)	(176,753)
(Accumulated Losses)		(5,511,448)	(5,575,282)
Total Equity		10,896,438	10,845,949
Total Liabilities and Equity		11,553,171	11,692,470

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 2020 (UNAUDITED)

	Note	For the three months ended	
		31 March	
		2020	2019
		JD	JD
Revenue			
Brokerage commission		62,643	131,045
Margin finance commission		6,502	25,824
Margin finance interest and interest income		170,407	160,184
Other revenue		28,964	2,659
Total revenue		268,516	319,712
Expenses			
Salaries, wages and others		(54,052)	(73,102)
Stock exchange fees		(35,520)	(7,838)
Finance Cost		(1,554)	(22,917)
General and Administrative expenses		(88,731)	(45,411)
Total Expenses		(179,857)	(149,268)
Profit for the period before income tax		88,659	170,444
Income tax expense	9	(24,825)	(47,725)
Profit for the period		63,834	122,719
		Fils/JD	Fils/JD
Basic and diluted earnings per share from profit for the period		0.004	0.01

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 COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	For the three months ended 31 March	
	2020	2019
	JD	JD
Profit for the period	63,834	122,719
Other comprehensive income items not to be reclassified to profit or loss in subsequent periods		
Unrealized (losses) gains on revaluation of financial assets at fair value through other comprehensive income	(13,345)	161,861
Total comprehensive income for the period	50,489	284,580

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 CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 (UNAUDITED)**

	Paid in capital JD	Statutory reserve JD	Fair value reserve JD	(Accumulated Losses) JD	Total JD
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
For the three months period ended 31 March 2019 -					
Balance as of 1 January 2019	15,000,000	1,555,163	(698,561)	(5,554,861)	10,301,741
Total comprehensive income	-	-	161,861	122,719	284,580
Balance as of 31 March 2019	15,000,000	1,555,163	(536,700)	(5,432,142)	10,586,321

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 2020 (UNAUDITED)

	Notes	31 March 2020 JD	31 March 2019 JD
<u>Operating Activities</u>			
Profit for the period before income tax		88,659	170,444
Adjustments for:			
Depreciation		4,071	5,761
Finance Cost		1,554	22,917
Gain on sale of property and equipment		(3,362)	-
Working capital changes:			
Margin receivables		138,102	(684,670)
Trade receivables		(135,151)	456,284
Other current assets		21,675	(46,568)
Trade payables		(175,783)	29,763
Other current liabilities		(38,830)	(20,603)
Net cash flows (used in) operating activities		(99,065)	(66,672)
<u>Investing Activities</u>			
Purchase of property and equipment	7	(400)	(605)
Proceeds from sale of property and equipment		37,500	-
Net cash flows from (used in) investing activities		37,100	(605)
<u>Financing Activities</u>			
Paid finance cost		(1,554)	(22,917)
Net cash flows (used in) financing activities		(1,554)	(22,917)
Net (Decrease) in cash and cash equivalent		(63,519)	(90,194)
Cash and cash equivalent - beginning of the period		759,769	(594,601)
Cash and cash equivalent - end of the period	3	696,250	(684,795)

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 2020 (UNAUDITED)

1- General

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

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

The interim condensed financial statements were approved by the board of directors on 14 July 2020.

The Company's headquarter is in Amman.

2- Accounting Policies

(2-1) Basis of preparation

The accompanying interim condensed financial statements for the three months period ended 31 March 2020 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 2019. In addition, the results for the three months ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

(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 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 IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, the Company did not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

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

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7

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. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR"). The effective date of the amendments was for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project.

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

**AL AMAL FOR FINANCIAL INVESTMENTS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
AS AT 31 MARCH 2020 (UNAUDITED)**

(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 loss on accounts receivable and margin receivable:
Requires the Company's management to determine the expected credit loss for all accounts receivable through establishing significant decisions to estimate future cash flow amounts and duration, in addition to any substantial increase in the credit risk of financial assets after initial recognition. Furthermore, taking into consideration information for future measurement of expected credit losses.
The company follows the policies and methodologies of IFRS 9.
- Income tax provision: The financial year 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 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Cash on hand	122	17
Bank balances – Current accounts	320,956	185,389
Bank balances – Customers' accounts	350,172	535,363
Brokerage guarantee fund deposit *	25,000	39,000
	696,250	759,769

*This account represents the value of the cash contribution paid by the company as a financial broker in the 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.

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

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

	31 March 2020 JD (Unaudited)	31 March 2019 JD (Unaudited)
Cash and cash equivalent	696,250	618,022
Less: Bank Overdraft	-	(1,302,817)
	<u>696,250</u>	<u>(684,795)</u>

4- Trade Receivables

This item consists of the following:

	31 March 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Trade receivables and brokerage receivables	10,397,350	10,262,199
Less: provision for expected credit loss *	<u>(4,686,205)</u>	<u>(4,686,205)</u>
	<u>5,711,145</u>	<u>5,575,994</u>

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

	31 March 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Balance as of 1 January	4,686,205	4,686,205
Additions during the period / year	-	-
Balance at the end of the period / year	<u>4,686,205</u>	<u>4,686,205</u>

Unimpaired trade receivables aging is as follows:

	1 – 30 days	31 – 90 days	91 – 360 days	More than 360 days	Total
2020	443,470	3,809,944	1,457,731	-	5,711,145
2019	2,670,267	2,417,769	487,958	-	5,575,994

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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.

5- Margin Receivables

This item consists of the following:

	31 March 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Margin Receivables	5,724,240	5,862,342
Less: Provision for expected credit loss *	(2,782,885)	(2,782,885)
	<u>2,941,355</u>	<u>3,079,457</u>

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

	31 March 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Balance as of 1 January	2,782,885	2,505,340
Additions during the period / year	-	277,545
Balance at the end of the period / year	<u>2,782,885</u>	<u>2,782,885</u>

6- Other Current Assets

This item consists of the following:

	31 March 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Bank Guarantees	211,800	211,800
Prepaid expenses	4,245	24,172
Employee receivables	15,195	16,643
Refundable deposits	-	300
	<u>231,240</u>	<u>252,915</u>

**AL AMAL FOR FINANCIAL INVESTMENTS
PUBLIC SHAREHOLDING COMPANY
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7- Property and Equipment

During the three months period ended 31 March 2020, the Company acquired property and equipment with a cost of JD 400 (March 31, 2019: JD 605).

8- Financial Assets at fair value through other comprehensive income

	31 March 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Investment in Med Gulf for Insurance company by 444,836 shares	400,352	413,697
	<u>400,352</u>	<u>413,697</u>

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

	Balance as of 1 January 2020 JD (Audited)	Change in Fair Value JD	Balance as of 31 March 2020 JD (Unaudited)
Med Gulf for Insurance Company	(176,753)	13,345	(190,098)
	<u>(176,753)</u>	<u>13,345</u>	<u>(190,098)</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 movement on income tax provision is as follows:

	31 March 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Income tax expense for the period / year	88,172	51,270
Income Tax Paid	-	(51,232)
Provision for the period / year	24,825	88,134
Balance at the end of the period / year	<u>112,997</u>	<u>88,172</u>

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

	31 March 2020 JD (Unaudited)	31 December 2019 JD (audited)
Balance as of 1 January	1,532,363	1,454,650
Additions during the period	-	77,713
Excluded during the period	-	-
Balance at the end of the period / year	<u>1,532,363</u>	<u>1,532,363</u>

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

The company submitted its tax returns for the year ended December 31, 2017 and December 31, 2019, the tax returns have not been reviewed by the the Income Tax Department up to this date, the company's tax self-assessment was accepted on the sampling system for the company's results for the year ended December 31, 2018.

10- Transactions with Related Parties

Related parties' transactions represent:

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

Balances and transactions with related parties are as follows:

	31 March 2020 JD (unaudited)	31 December 2018 JD (audited)
Trade Receivables - Major shareholders of the Company	<u>2,586,049</u>	<u>4,985,755</u>
Margin Receivables- Major shareholders of the Company	<u>26,926</u>	<u>294,158</u>
Trade Payables- Major shareholders of the Company	<u>2,494</u>	<u>-</u>

**AL AMAL FOR FINANCIAL INVESTMENTS
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AS AT 31 MARCH 2020 (UNAUDITED)**

Total trading volume and commission for related parties dealt with during the period:

	31 March 2020 JD (Unaudited)	31 March 2019 JD (Unaudited)
Total trading volume	3,947,782	6,624,971
Total commission	16,829	22,518

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

	31 March 2020 JD (Unaudited)	31 March 2019 JD (Unaudited)
Transportation allowance for members of the Board of Directors	10,500	3,800

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

	31 March 2020 JD (Unaudited)	31 March 2019 JD (Unaudited)
Executive Management salaries and remuneration	12,829	37,599

11- Contingent Liabilities

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

	31 March 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Bank Guarantees	696,000	696,000
Deposit Securities	211,800	211,800

Cases brought against the company by others:

The value of cases brought against the company by others was 45,370 Jordanian dinars.

**AL AMAL FOR FINANCIAL INVESTMENTS
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AS AT 31 MARCH 2020 (UNAUDITED)**

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	Valuation techniques and key inputs
	31 March 2020	31 December 2019		
Financial Assets at Fair Value:	JD (unaudited)	JD (audited)		
Financial Assets at Fair Value through other comprehensive income	400,352	413,697	Level 1	Quoted shares
Total Financial Assets at Fair Value	400,352	413,697		

13- COVID-19

The global economy was affected by the outbreak of the Corona virus, which led to a fundamental disruption in the global economy and various business sectors. Consequently, this was reflected in most sectors, which were affected by the suspension of business activities and the expanded quarantine imposed, in addition to the impact of other government measures taken to combat the virus. This had an impact on the financial trading sector as a result of the suspension activity of Amman stock exchange Market from March 17, 2020 until May 7, 2020 and the resumption of Amman stock exchange Market activity on May 10, 2020.