JORDAN INTERNATIONAL TRADING CENTER COMPANY
PUBLIC SHAREHOLDING COMPANY
FINANCIAL STATEMENTS
31 DECEMBER 2020

Jordan International Trading Center Company
Public Shareholding Company
Contents

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Independent Auditors' Report

TO THE SHAREHOLDERS
JORDAN INTERNATIONAL TRADING CENTER COMPANY
PUBLIC SHAREHOLDING COMPANY
AMMAN, JORDAN

Opinion
We have audited the financial statements of the Jordan International Trading Center Public Shareholding Company, which comprise the statement of financial position as of 31 December 2020, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.
In our opinion, the financial statements present fairly, in all material respects, the financial position of Jordan international trading center public shareholding company as of 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements in Jordan that are relevant to our audit of the company financial statements, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Provision for Expected Credit Loss
The provision for accounts receivable is considered a key audit matter for our audit. It requires the Company's management to use assumptions to assess the collectability of accounts receivable based on the customers' financial conditions and related credit risks. The balance of net accounts receivable amounted to JD 5 242 300 as of 31 December 2020. This requires making assumptions and using estimates and legal counsel consider to take the provision for expected credit loss.

Scope of Audit to Address Risks
The audit procedures include examining the control procedures used by the Company's management in the collection of receivables, including the study of a sample of cash received during the period after the end of the financial year, as well as the guarantees relating to those receivables and the adequacy of the provision for expected credit loss in respect of these receivables, by assessing the assumptions of the management and the legal advisor for collection and discussing the basis of the hypotheses to verify the adequacy of the provisions allocated, taking into account our experience on the calculation of allocations according to the approved hypotheses, key drivers of expected credit loss are subject to a high level of judgment.

Other Information
Management is responsible for the other information. The other information comprises of the information stated in the Annual Report and does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available to us and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the company ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the company financial reporting process.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company 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 evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit and 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 material 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 financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude 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 reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
The Jordan International Trading Center Company maintains proper accounting records, duly organized and in line with the accompanying financial statements, and we recommend that they be approved by the General Assembly shareholders.

Amman – Jordan
18 March 2021

المجموعة المهنية العربية · محاسبون قانونيون · Certified Public Accountants · RSM Jordan

Jordan International Trading Center Company
Public Shareholding Company
Statement of Financial Position
31 December 2020

		2020	2019
Assets	**Notes**	**JD**	**JD**
Cash and cash equivalents	4	194 678	935 430
Checks under collection	5	245 990	447 173
Financial assets at amortized cost	6	300 000	750 000
Accounts receivable and installments	7	5 242 300	4 858 021
Due from related parties	29	36 133	40 261
Inventory	8	669 063	795 168
Other debit balances	9	417 046	478 182
Financial assets at fair value through other comprehensive income	10	314 028	340 843
Investment’s properties	11	179 331	175 881
Property, plant and equipment	12	389 875	459 663
Total Assets		**7 988 444**	**9 280 622**
Liabilities and Equity			
Liabilities			
Accounts payable	13	1 415 345	1 241 167
Other credit balances	14	1 210 575	1 222 025
Notes payable	15	-	1 446 870
Income tax provision and national contribution	25	120 406	131 433
Total liabilities		**2 746 326**	**4 041 495**
Equity	16		
Share Capital		3 400 000	3 400 000
Statutory reserve		850 000	850 000
Voluntary reserve		300 000	300 000
Fair value reserve		(247 109)	(324 537)
Retained earnings		939 227	1 013 664
Total Equity		**5 242 118**	**5 239 127**
Total Liabilities and Equity		**7 988 444**	**9 280 622**

The accompanying notes from 1 to 35 are part of these financial statements and should be read with them

Jordan International Trading Center Company
Public Shareholding Company
Statement of Comprehensive Income
31 December 2020

	Notes	2020 JD	2019 JD
Sales	17	7 731 531	8 044 596
Papers and devices cost	18	(5 946 782)	(6 072 207)
Operating expenses	19	(956 454)	(1 042 985)
Gross profit	20	**828 295**	**929 404**
Administrative expenses	21	(346 860)	(369 444)
Provision for expected credit loss	7	(191 800)	(124 312)
Financing expenses		(44 566)	(142 525)
Board of Director's remunerations	14	(25 681)	(35 000)
Provision for contingent liabilities	31	-	(71 432)
Provision for slow moving Inventory	8	(9 500)	-
Other revenues	22	165 740	435 688
Net profit before income tax		**375 628**	**622 379**
Income tax and national contribution	25	(118 822)	(161 833)
Income of the year		**256 806**	**460 546**
Cumulative change in fair value		77 428	(21 895)
Profit and Comprehensive Income for the year		**334 234**	**438 651**
Basic and diluted earnings per share for the year	23	**JD 0.076**	**JD 0.135**

The accompanying notes from 1 to 35 are part of these financial statements and should be read with them

Jordan International Trading Center Company
Public Shareholding Company
Statement of Changes in Equity
31 December 2020

	Share Capital JD	Statutory reserve JD	Voluntary reserve JD	Fair value reserve JD	Retained earnings JD	Total JD
31 December 2018	**3 400 000**	**834 492**	**300 000**	**(302 642)**	**806 626**	**5 038 476**
Dividends	-	-	-	-	(238 000)	(238 000)
Transferred to reserves	-	15 508	-	-	(15 508)	-
Comprehensive Income for the year	-	-	-	(21 895)	460 546	438 651
31 December 2019	**3 400 000**	**850 000**	**300 000**	**(324 537)**	**1 013 664**	**5 239 127**
Dividends	-	-	-	-	(272 000)	(272 000)
Losses from sale of financial assets	-	-	-	-	(59 243)	(59 243)
Comprehensive Income for the year	-	-	-	77 428	256 806	334 234
31 December 2020	**3 400 000**	**850 000**	**300 000**	**(247 109)**	**939 227**	**5 242 118**

The accompanying notes from 1 to 35 are part of these financial statements and should be read with them

Jordan International Trading Center Company
Public Shareholding Company
Statement of Cash Flows
31 December 2020

	Notes	2020 JD	2019 JD
Operating Activities			
Profit before Provisions		602 609	728 811
Adjustments for:			
Provision for expected credit loss	7	191 800	124 312
Provision for slow moving inventory	8	9 500	-
Depreciations	12	115 523	115 466
Financing expenses		44 566	142 525
Capital gain & gain from sale of investments properties		-	(121 866)
Gains from sale of financial assets at fair value through other comprehensive income		-	(62 500)
Changes in operating assets and liabilities			
Checks under collection		201 183	125 639
Account's receivables and installment		(767 879)	(277 742)
Related parties		4 128	21 545
Inventory		107 105	16 466
Other debit balances		61 136	(41 831)
Accounts payable		174 178	295 327
Other Credit balances		(37 131)	(6 672)
Income tax and national contribution		(129 849)	(149 573)
Net cash from operating activities		**576 869**	**909 907**
Investing activities			
Sale of financial assets at fair value through other comprehensive income		45 000	112 500
Financial assets at fair value through other comprehensive income		-	(111 606)
Financial assets at amortized cost		450 000	(250 000)
Purchases of property, plant and equipment	12	(45 735)	(105 035)
Investment properties		-	369 461
Purchases of investment properties		(3 450)	-
Net Cash from investing activities		**445 815**	**15 320**
Financing activities			
Dividends	16	(272 000)	(238 000)
Notes payable		(1 446 870)	(158 194)
Paid financing expenses		(44 566)	(142 525)
Net Cash used in financing activities		**(1 763 436)**	**(538 719)**
Net change in cash and cash equivalents		**(740 752)**	**386 508**
Cash and cash equivalents at 1 January	4	935 430	548 922
Cash and cash equivalents at 31 December	4	**194 678**	**935 430**

The accompanying notes from 1 to 35 are part of these financial statements and should be read with them

1) General

The Company was registered at the Ministry of Industry and Trade as a Jordanian public shareholding limited company under No. (177) on 4 December 1982, The Company General Assembly in its extraordinary meeting held on 27 February 1997 approved the balances of 31 December 1997 as opening balances of the Company.

The Company's main activities are trading durable goods of machinery, equipment, and selling them for cash and / or installments through trading according to Sharia (Islamic Law).

The accompanying financial statements were approved by Directors on 18 March 2021 and are subject to the approval of the General Assembly of Shareholders.

2) Changes in Accounting Policies

The accounting policies adopted in the preparation of the financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2019, except for the adoption of the following new standards effective as of 1 January 2020:

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

Amendments to IAS 1 and IAS 8: Definition of "Material"

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to, the Company.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

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

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

The company did not apply IFRS No. (16) of 2019 because management believes that its impact on the financial statements is immaterial.

3) Significant Accounting Policies

Basis of preparation of the financial statements

The accompanying financial statements of the company have been prepared in Accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and their related interpretations issued by IASB.

The financial statements are prepared using the historical cost principle.

The Financial statements are presented in Jordanian Dinars, which is the functional currency of the Company.

Segment reporting

Business segments represent distinguishable components of the Company that are engaged in providing products or services which are subject to risks and rewards that are different from those of other segments and are measured based on the reports sent to the chief operating decision maker.

Geographical segments are associated to products and services provided within a particular economic environment, which are subject to risks and rewards that are different from those of other economic environments.

Cash and cash equivalents

Cash and cash equivalents comprise cash on, and balances at banks and deposits at banks maturing within three months, less bank overdrafts and restricted balances.

Financial Assets at Amortized Cost

Financial assets at amortized cost are the financial assets which the company management intends according to its business model to hold for the purpose of collecting the contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue premium \ discount is amortized using the effective interest rate method and recorded to interest account Provisions associated with the decline in value of these investments leading to the inability to recover the investment or parts thereof are deducted. Any impairment is registered in the statement of profit or loss and should be presented subsequently at amortized cost less any impairment losses.

Accounts Receivable

Account's receivable are stated at net realizable value after deducting a provision for expected credit loss.

A provision for doubtful debts is booked when there is objective evidence that the Company will not be able to recover whole or part of the due amounts at the end of the year. When the Company collects previously written-off debts, it recognizes the collected amounts in other revenues in the statement of income and comprehensive Income. Furthermore, revenue and commission from doubtful debts are suspended and recognized as revenue upon collection.

Moreover, debts are written-off when they become uncollectible or are derecognized.

Inventories

Inventories are stated at the lower of cost or net realizable value.

The costs incurred for each item of goods are calculated as follows:

Cost is determined by the first in, first out (FIFO) method

Net realizable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

Financial Assets at Fair Value through other Comprehensive Income

These financial assets represent the investments in equity instruments held for the long term.

These financial assets are recognized at fair value plus transaction costs at purchase date and are subsequently measured at fair value in the statement of comprehensive income and within owner's equity including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the statement of comprehensive income and within owner's equity and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the statement of income.

No impairment testing is required for these assets.

Dividends are recorded in the statement of income.

Recognition of Financial Assets Date

Purchases and sales of financial assets are recognized on the trading date (which is the date on which the Company commits itself to purchase or sell the asset).

Impairment in Financial Assets

The company reviews the value of financial assets on the date of the statement of financial position in order to determine if there are any indications of impairment in their value individually or in the form of a portfolio, in case such indications exist the recoverable value is estimated so as to determine the impairment loss.

Impairment is determined as follows:

- The impairment in the financial assets recorded at amortized cost is determined on the basis of the present value of the expected cash flows discounted at the original interest rate.
- The impairment in the financial assets at cost is determined by the difference between book value and the present value of the expected future cash flows discounted in effective market price on any other similar financial assets.
- Impairment is recorded in the statement of income as does any surplus that occurs in subsequent years that is due to a previous impairment of the financial assets in the statement of income.

Fair value

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the financial statements.

In case declared market, prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and Amortising premium / discount using the effective interest rate method within interest revenue / expense in the statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets. When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

Investment properties

Investment properties are stated at cost net of accumulated depreciation and any impairment in their value and are disclosed their fair value. Furthermore, Any Impairment In their value is taken to the statement of Income and other comprehensive Income, while operating revenues and expenses relating to this investment are recognized in the statement of Income and other comprehensive Income.

If the fair value of the Investments for which an Impairment provision has been taken in the previous periods increases, the previously recorded are recovered impairment losses at no more than their cost.

Property, plant and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment loss in its value, Moreover Property and Equipment (except for land) are depreciated according to the straight- line method over the estimated useful lives when ready for use of these assets using the following annual rates.

	%
Furniture and decoration	10
Machines and equipment	10
Vehicles	15
Tools	15
Computers	25

- When the carrying amount of property and equipment exceeds their recoverable value, assets are written down and impairment loss is recorded in the statement of income.
- The useful lives of property and equipment are reviewed at the end of each year, in case the expected useful life is different from what was determined before the change in estimate is recorded in the following years being a change in estimates.
- Property and equipment are derecognized when disposed or when there is no expected future benefit from their use.

Accounts payable and accruals
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Offsetting
Financial assets and financial liabilities are offset, the net amount is presented in the statement of financial position only when there is a legal right to offset the recognized amounts, and the company intends to either settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

Provisions
Provisions are recognized when the company has an obligation as of the date of the financial statements as a result of past events, the obligation is likely to be settled, and a reliable estimate can be made of the amount of the obligation.

Provision for employees' end-of-service indemnity
The required provision for end-of-service indemnity for the year is recorded in the statement of income while payments to departing employees are deducted from the provision amount, Indemnities paid in excess of the provision is taken to the statement of income upon payment while the required provision for end-of-service indemnities for the year is recorded in the statement of income.

Employees Benefits
The pension obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bonds.
The Company records the accrued benefits which mature during the year after the date of the financial statements within current liabilities and records the accrued benefits which mature after one year of the date of the financial statements within non-current liabilities.

Recognition of income and realization of expenses
Sales revenue is recognized on the basis of the fair value of the received amount or expected received amount, Revenue is reduced by provisions for returns, sales discounts and any other similar provisions.
Revenue from the sale of goods is recognized when all of the following conditions are met:
- When the company transfers the substantially benefits and risks related to the goods ownership the buyer.
- When the company no longer retains the ownership of the goods as an ongoing administrative intervention and when the company is not in a position to exercise effective control over such goods.
- When it is probable that economic benefits will flow associated with the sale.
- When it is possible to calculate the incurred or to be incurred costs from sale.
- Commissions are recognized as revenue when the related services are provided. Dividend income is recognized when recognized (approved by the General Assembly).
- Expenses are recognized on an accrual basis.

Income Tax and National Contribution
Income tax expenses represent current and deferred taxes for the year.

Income tax expense is measured based on taxable income. Taxable income differs from income reported in the consolidated financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.

Taxes are calculated based on the enacted tax rates according to the prevailing laws, regulations and instructions of The Hashemite Kingdom of Jordan.

Deferred taxes are Taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and their respective tax basis. Deferred taxes are calculated based on the liability method, and according to the rates expected to be enacted when it is anticipated that the liability will be settled or when tax assets are recognized.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset the necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with borrowing of funds.

Foreign currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Jordanian Dinar', which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Related parties
Transactions with related parties represent transfer of resources, services, or obligations between related parties. Terms and conditions relating to related party transactions are approved by management.

Accounting Estimates
Preparation of the financial statements and the application of the accounting policies require the Company's management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, and fair value reserve and to disclose contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value shown in the statement of other comprehensive income and owners' equity. In particular, this requires the Company's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

Believes that the assessments adopted in the financial statements are reasonable. The details are as follows:

Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and Amortisation based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the statement of comprehensive income.

Management frequently reviews financial assets stated at fair value or at cost to estimate any impairment in their value. The impairment amount is taken to the statement of comprehensive income for the year.

A provision is set for lawsuits raised against the Company. This provision is based to an adequate legal study prepared by the Company's legal advisors. Moreover, the study highlights potential risks that the Company may encounter in the future. Such legal assessments are reviewed periodically.

The fiscal year is charged with its portion of income tax expenditures in accordance with the regulations, laws, and accounting standards. Moreover, deferred tax assets, liabilities, and the income tax provision are recorded.

The level in the fair value hierarchy is determined and disclosed into which the fair value measurements are categorized entirely, segregating fair value measurements in accordance with the levels defined in IFRS. The difference between Level 2 and Level 3 fair value measurements represents whether inputs are observable and whether the unobservable inputs are significant, which may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

4) Cash and cash equivalents

	2020 JD	2019 JD
Cash on hand	15 337	17 123
Current accounts	179 341	918 307
	194 678	**935 430**

5) Checks under collection

	2020 JD	2019 JD
1 – 3 Months	137 965	303 587
4 – 12 Months	89 835	112 998
13 – 24 Months	18 190	15 588
25 – 36 Months	-	15 000
	245 990	**447 173**

6) Financial assets at amortized cost

	2020 JD	2019 JD
Investment portfolios - Mukarada	**300 000**	**750 000**

7) Account's receivables and installment

	2020 JD	2019 JD
1-30 Day	322 681	316 181
31-60 Day	218 783	217 318
61-90 Day	179 433	183 751
91-180 Day	440 738	138 408
181-365 Day	661 186	901 502
More than 365 Days	2 592 194	1 984 922
Current (not past due)	3 306 733	3 421 191
	7 721 748	**7 163 273**
Less: Provision for expected credit loss	(2 247 450)	(2 055 650)
Less: Deferred revenue within undue receivables	(231 998)	(249 602)
	5 242 300	**4 858 021**

The movement on the provision for expected credit loss is as follows:

	2020 JD	2019 JD
Balance at the beginning of the year	2 055 650	1 931 338
Provision for the year	191 800	124 312
Balance at the end of the year	**2 247 450**	**2 055 650**

The details of receivables balances with lawsuits raised against customers for the collection of overdue amounts are as follows:

	2020		2019	
Receivables - lawsuits	**Accrued and Overdue JD**	**Total Installments JD**	**Accrued and Overdue JD**	**Total Installments JD**
Installments	1 789 568	1 805 001	1 647 841	1 669 202
Trade Receivable	171 015	171 015	156 640	156 640
	1 960 583	**1 976 016**	**1 804 481**	**1 825 842**

8) Inventory

	2020 JD	2019 JD
Papers	451 734	621 393
Electrical devices	226 829	173 775
	678 563	**795 168**
Less: Provision for slow moving inventory	(9 500)	-
	669 063	**795 168**

9) Other debit balances

	2020 JD	2019 JD
Consignment inventory	371 968	417 547
Prepaid expenses	14 762	37 607
Income tax deposits	17 100	14 064
Refundable deposits	7 858	8 964
Share's obsolescence	5 058	-
others	300	-
	417 046	**478 182**

10) Financial assets at fair value through other comprehensive income

	2020 JD	2019 JD
Quoted financial assets	**314 028**	**340 843**

11) Investment's properties

	2020		2019	
	Cost JD	Fair value JD	Cost JD	Fair value JD
Investments properties	**179 331**	**441 842**	**175 881**	**516 542**

The fair value of the lands has been assessed by real state evaluator.
There is a restriction on land with amount 183 162 JD for the legal case No. (877/2009).

12) Property, plant and equipment

	Furniture and decoration JD	Machinery and equipment JD	Vehicles JD	Tools JD	Computers JD	Total JD
Cost						
31 December 2019	225 352	978 197	170 232	102 785	45 187	1 521 753
Additions	7 641	9 641	23 276	2 565	2 612	45 735
31 December 2020	**232 993**	**987 838**	**193 508**	**105 350**	**47 799**	**1 567 488**
Accumulated Depreciation						
31 December 2019	177 338	604 117	141 630	99 642	39 363	1 062 090
Depreciation	14 304	84 271	11 917	1 077	3 954	115 523
31 December 2020	**191 642**	**688 388**	**153 547**	**100 719**	**43 317**	**1 177 613**
Book Value						
31 December 2019	48 014	374 080	28 602	3 143	5 824	459 663
31 December 2020	**41 351**	**299 450**	**39 961**	**4 631**	**4 482**	**389 875**

The value of full depreciation property, plant and equipment is reached to 468 668 JD as of 31 December 2020 (2019: JD 398 070).

13) Accounts Payable

	2020 JD	2019 JD
Suppliers	1 249 061	1 036 963
Others	166 284	204 204
	1 415 345	**1 241 167**

14) Other credit balances

	2020 JD	2019 JD
Inventories for sale deposit	371 968	417 547
Shareholders' deposit	328 844	306 667
Contingent liabilities	285 728	285 728
Provision for staff indemnity	81 733	75 283
Sales tax provision	28 450	20 213
Provision for annual leave	41 291	37 805
Board of Directors Remunerations	25 681	35 000
General deposits	29 315	27 529
Social security payable	7 993	8 174
Accrued expenses	7 634	6 568
Income tax payable	1 938	1 511
	1 210 575	**1 222 025**

15) Notes payable

	2020		2019	
	Short term JD	**Long term JD**	**Short term JD**	**Long term JD**
Notes payable	-	-	1 490 224	-
Less: Deferred financing cost	-	-	(43 354)	-
	-	**-**	**1 446 870**	**-**

Represent existing commitments balance for the notes payable as of December 31, 2019, which is equivalent to the present value of the total payments, all commitments of notes payable have been paid during 2020.

	2020		2019	
Due within	**Payment installments JD**	**Payments Current value JD**	**Payment installments JD**	**Payments Current value JD**
2019	-	-	-	-
2020	-	-	1 490 224	1 446 870
	-	**-**	**1 490 224**	**1 446 870**
Less: Deferred financing cost	-	-	(43 354)	-
	-	**-**	**1 446 870**	**1 446 870**

16) Equity

Capital

The Company's authorized share capital and paid-in share capital is JD 3 400 000 divided into 3 400 000 shares at par value of JD 1 per share.

Statutory reserve

Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals 25% of the Company's subscribed capital However, the Company may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full. Such reserve is not available for dividends distribution. The General authority may, after depletion the other reserves, decide at an extraordinary meeting to resolve the accumulated losses from the amounts collected in the statutory reserve account, provided that they are rebuilt in accordance with the provisions of the law, the balance of the statutory reserve has reached 25% of the company's capital as of 2019.

Voluntary Reserve
The accumulated amounts in this account represent 20% of the Company's net income before tax according to the Companies Law. The voluntary reserve is available for distribution to shareholders.

Unrealized income
Retained earnings and reserves does not contain unrealized profits belong to evaluate securities and real estate investments as of December 31, 2020.

Dividends
The Board of Directors recommended distributing 5% of the capital as cash, equivalent to 170 000 JD to the shareholders, subject to the approval of the shareholders 'general assembly. The General Assembly of Shareholders decided in their meeting on 13 February 2020 to distribute (8%) of capital, equivalent to JD 272 000 as cash.

17) Sales
The main activity of the company is focused on the electrical devices sales in cash and installment, printing and papers sales. The table below summarizes the company's sales by nature:

	2020	2019
	JD	JD
Showroom	6 015 735	5 469 242
Press	879 800	1 121 085
Papers	783 276	1 392 936
Mobile lines	52 720	61 333
	7 731 531	**8 044 596**

18) Papers and devices cost

	2020	2019
	JD	JD
Inventory at the beginning of the year	795 168	811 634
Purchases	5 830 177	6 055 741
Inventory at the end of the year	(678 563)	(795 168)
	5 946 782	**6 072 207**

19) Operating expenses

	2020	2019
	JD	JD
Salaries, wages and other benefit	451 681	457 052
Rent	120 748	122 447
Depreciations	107 469	101 355
Lawyer fees	21 655	96 558
Company contribution social security	42 259	45 989
Electricity and water	34 171	42 710
Sales and collection commissions	66 526	40 474
Maintenance	17 587	35 506
Vehicles and fuels	16 133	23 529
Advertising	17 964	23 349
Postage, telecommunication, and internet	9 405	10 930
Health insurance and treatments	16 003	10 727
Stamps	11 214	9 330
License and fees	7 921	8 889
Others	7 443	6 330
Printing and stationary	2 894	2 567
Binding	2 203	2 468
Hospitality and cleaning	2 046	1 623
Security	859	859
Samples	248	208
Transportations	25	85
	956 454	**1 042 985**

20) Elements of gross profit

	Sales	Papers and devices cost	Operation cost	Total revenues
2019	**JD**	**JD**	**JD**	**JD**
Showroom	5 469 242	(4 406 014)	(515 898)	547 330
Press	1 121 085	(456 021)	(432 374)	232 690
Papers	1 392 936	(1 210 172)	(94 713)	88 051
Mobile lines	61 333	-	-	61 333
	8 044 596	**(6 072 207)**	**(1 042 985)**	**929 404**
2020				
Showroom	6 015 735	(4 941 858)	(473 460)	600 417
Press	879 800	(336 585)	(408 219)	134 996
Papers	783 276	(668 339)	(74 775)	40 162
Mobile lines	52 720	-	-	52 720
	7 731 531	**(5 946 782)**	**(956 454)**	**828 295**

21) Administrative expenses

	2020	2019
	JD	**JD**
Salaries, wages and other benefit	227 566	224 825
Board of director’s transportation allowances	33 600	33 600
Depreciation	8 051	14 111
Health insurance & treatments	13 028	14 048
Company contribution social security	12 208	12 750
Professional fees	7 750	8 700
Electricity and water	6 235	7 106
Maintenance	3 171	6 764
Vehicles and fuels	4 509	6 280
License and fees	5 696	6 229
Rent	5 590	5 590
Postage, telecommunication, and internet	3 441	5 088
Prior year's tax	-	4 812
Donations	2 000	4 524
Lawyer fees	2 227	3 579
Traveling and transportation	267	3 007
Hospitality and cleaning	1 997	2 387
Stationary	1 952	1 784
Shareholder’s meeting	452	1 663
Others	1 844	1 512
Companies’ controller fees	600	600
Advertising	-	485
Program’s development	2 700	-
Unacceptable tax expenses	1 976	-
	346 860	**369 444**

22) Other revenues

	2020 JD	2019 JD
Services and benefits revenue	139 684	212 630
Gain from sale investments properties	-	121 866
Gain from sale financial assets at fair value	-	62 500
Revenue from investment portfolios - Mukarada	21 864	19 461
Dividend's revenue	3 000	13 581
Bad debts retrieval revenue	1 192	4 150
Other gain	-	1 500
	165 740	**435 688**

23) Basic and diluted earnings per share for the year

	2020 JD	2019 JD
Income of the year	256 806	460 546
Weighted average number of outstanding shares	3 400 000	3 400 000
	0.076 JD	**0.135 JD**

24) Risk management

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest Rates. Moreover, the Company manages interest rate risks through applying the sensitivity analysis of Interest rate instruments in a manner that does not negatively affect net interest income.

Currency Risks

The Company's main operations are in Jordanian Dinar. Moreover, currency risk relates to the risk of changes in currency rates that relate to payments denominated in foreign currencies. As for transactions in US Dollars, management believes that the foreign currency risk relating to the US Dollar is immaterial as the Jordanian Dinar (the functional currency) is pegged to the US Dollar.

Credit Risk

Credit risk relates to the other party's inability to meet its contractual obligations leading to the incurrence of losses by the Company. Moreover, the Company adopts a policy of dealing with creditworthy parties in order to mitigate the financial losses arising from the Company's default on its liabilities.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2020 JD	2019 JD
Cash at Banks	179 341	918 307
Checks under collection	245 990	447 173
Financial assets at amortized cost	300 000	750 000
Account's receivables and installment	5 242 300	4 858 021
Due from related parties	36 133	40 261
Other debit balances	30 316	23 028
	6 034 080	**7 036 790**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

The following are the contracted maturities of financial liabilities:

	During a year	More than a year	Total
2020	**JD**	**JD**	**JD**
Accounts payable	1 415 345	-	1 415 345
Other credit balances	1 210 575	-	1 210 575
Income tax provision and national contribution	120 406	-	120 406
	2 746 326	**-**	**2 746 326**
2019			
Accounts payable	1 241 167	-	1 241 167
Other credit balances	1 222 025	-	1 222 025
Notes payable	1 446 870	-	1 446 870
Income tax provision and national contribution	131 433	-	131 433
	4 041 495	**-**	**4 041 495**

25) <u>Income tax and national contribution</u>

The income tax was calculated for the year 2020 accordance with Jordanian Income Tax Law No. (38) of 2018.
The income tax rate in Jordan is 20% Plus 1% national contribution tax.

The tax returns for the year ended 31 December 2019 have been submitted, however, the returns have not been reviewed by the Income and Sales Tax Department until the date of these financial statements

The Income and Sales Tax Department accepted the tax returns for the years 2018 according to the sampling system in 29 August 2019.

The tax returns for the year ended 31 December 2017 have been submitted, however, the returns have not been reviewed by the Income and Sales Tax Department until the date of these financial statements.

The Company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2016.

Movement on income tax and national contribution provision is as follow:	2020	2019
	JD	**JD**
Balance as at January 1	131 433	119 173
Income tax and national contribution paid	(129 849)	(149 573)
Income tax and national contribution expense	118 822	161 833
Balance as at December 31	**120 406**	**131 433**

Accounting profit Settlement with Income tax profit was as follow:	2020	2019
	JD	**JD**
Accounting profit	375 628	622 379
Non- deductible expenses	211 986	215 366
Non- taxable revenues	(21 796)	(67 108)
Income tax profit	**565 818**	**770 637**
Income tax rate and national contribution	**21%**	**21%**

26) Fair value hierarchy

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

Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2

Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3

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

	Level 1 JD	Level 2 JD	Level 3 JD	Total JD
2019				
Financial assets at fair value	340 843	-	-	**340 843**
2020				
Financial assets at fair value	314 028	-	-	**314 028**

27) Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, checks under collection, financial assets at amortized cost, accounts receivable and installments, due from related parties, and other debit balances. Financial liabilities consist of accounts payable, notes payable, income tax provision, and other credit balances.

The fair value of financial instruments is not materially different from their carrying value

28) Segmental Information

Segmental information for the basic sectors:

For management purposes, the Company is organized into three major business segments:

electrical devices sales in cash and installment, printing and papers sales

Information on Geographical Distribution

This note represents the geographical distribution of the Company's operations. Moreover, the Company conducts its operations mainly in the Kingdom, representing local operations.

29) Transactions with Related Parties

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties.
Pricing policies and terms of these transactions are approved by the Company's management.
Balances with related parties included in the financial statements are as follows:

Due from related parties	**Nature of the relationship**	**2020 JD**	**2019 JD**
Jordan Islamic Bank	Shareholder	20 645	12 927
Omareyah International School	Sister company	1 108	6 445
Jordanian Pharmaceutical Manufacturing Company	Sister company	1 346	2 938
Islamic Insurance Company	Sister company	11 788	15 949
Al Samaha for Financial and Investment company	Sister company	1 088	600
National Cables and Wire Manufacturing Company	Sister company	158	1 350
Arabian Steel Pipes Manufacturing	Sister company	-	52
		36 133	**40 261**

The following summary of transactions with related parties:

Statement of Financial Position	**Nature of the relationship**	**Overdraft JD**	**2020 JD**	**2019 JD**
Assets				
Cash at banks	Operational & commercial	-	179 341	918 307
Checks under collection	Operational & commercial	-	245 990	447 173
Accounts receivable	Commercial	-	20 645	12 927
Liabilities				
Notes payable	Financing	3 050 000	-	1 490 224
Differed financing cost	Financing	-	-	(43 354)

Executive Administration benefits	**2020 JD**	**2019 JD**
Salaries and emoluments	**160 955**	**165 997**

30) Assets and liabilities dues analysis

31 December 2020	Less than a year JD	More than a year JD	Total JD
Assets			
Cash and cash equivalents	194 678	-	194 678
Checks under collection	227 800	18 190	245 990
Account's receivables and instruments	3 546 564	1 695 736	5 242 300
Due from related parties	36 133	-	36 133
Inventory	669 063	-	669 063
Other debit balances	417 046	-	417 046
Financial assets at fair value	-	314 028	314 028
Financial assets at Amortized cost	-	300 000	300 000
Investment's properties	-	179 331	179 331
Property, plant and equipment	-	389 875	389 875
Total Assets	**5 091 284**	**2 897 160**	**7 988 444**
Liabilities			
Accounts payable	1 415 345	-	1 415 345
Other Credit balances	1 210 575	-	1 210 575
Income tax provision	120 406	-	120 406
Total Liabilities	**2 746 326**	**-**	**2 746 326**
Net	**2 344 958**	**2 897 160**	**5 242 118**

31 December 2019	Less than a year JD	More than a year JD	Total JD
Assets			
Cash and cash equivalents	935 430	-	935 430
Checks under collection	416 585	30 588	447 173
Account's receivables and instruments	4 479 415	378 606	4 858 021
Due from related parties	40 261	-	40 261
Inventory	795 168	-	795 168
Other debit balances	478 182	-	478 182
Financial assets at fair value	-	340 843	340 843
Financial assets at Amortized cost	-	750 000	750 000
Investment's properties	-	175 881	175 881
Property, plant and equipment	-	459 663	459 663
Total Assets	**7 145 041**	**2 135 581**	**9 280 622**
Liabilities			
Accounts payable	1 241 167	-	1 241 167
Other Credit balances	1 222 025	-	1 222 025
Notes payable	1 446 870	-	1 446 870
Income tax provision	131 433	-	131 433
Total Liabilities	**4 041 495**	**-**	**4 041 495**
Net	**3 103 546**	**2 135 581**	**5 239 127**

31) Contingent Liabilities

The Company has contingent liabilities at the date of the financial statements in the form of guarantees and legal issues amounting to 285 728 JD as of 31 December 2020 (2019: 285 728 JD), The Company's management and legal counsel are of the opinion that the Company will not incur any liabilities in respect of these legal issues. Where the City Center for Computers filed a lawsuit against the company in the Court of First Instance to claim amount to JD 183 162, the Court of First Instance decision was issued to obligate the company to the claim, and legal interest. The company filed an appeal against the decision of the Court of First Instance, The Court of Appeal decision was issued on 5 December 2017, to obligate the company amounted to JD 142 864, In addition to fees, and legal interest, Consequently, the Company filed a discrimination the decision to the Court of Cassation on 2 January 2018, and the City Center For Computers filed discrimination the decision on 26 December 2018, the opinion of the Company's management and its legal consultant, that the additional provision amounted to JD 285 728 is adequate, and no additional provisions are required.

The Company has other legal issues at the date of the financial statements amounted to 3 262 JD.

32) Capital Management

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

The company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 2019.
Capital comprises share capital, reserves and retained earnings, and is measured at JD 5 242 118 as at 31 December 2020 (2019: JD 5 239 127).

33) Adoption of New and Revised International Financial Reporting Standards (IFRSs)

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 - Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2023 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS I to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement,
- the right to defer must exist at the end of the reporting period,
- that classification is unaffected by the likelihood,
- that an entity will exercise its deferral right,
- and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

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

Reference to the Conceptual Framework - Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.
The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential `day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.
The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.
The amendments are not expected to have a material impact on the Company.

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

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

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

Onerous Contracts Costs of Fulfilling a Contract Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.
The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.
General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.
The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Company.

IFRS 9 Financial Instruments Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
The amendments are not expected to have a material impact on the Company.

IBOR reform Phase 2

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

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

IBOR reform Phase 2 provides temporary reliefs that allow the Company's hedging relationships to continue upon the replacement of an existing interest, rate benchmark with an RFR. The reliefs require the Company to amend hedge designations and hedge documentation. This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and / or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to, the hedging documentation must be made by the end of the reporting period

in which a replacement takes place. For the retrospective assessment of hedge effectiveness, the Company may elect on a hedge-by-hedge basis to reset the cumulative fair value change to zero. The Company may designate an interest rate as a non-contractually specified, hedged risk component of changes in the fair value or cash flows of a hedged item, provided the interest rate risk component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives. For new RFRs that are not yet an established benchmark, relief is provided from this requirement provided the Company reasonably expects the RFR to become separately identifiable within 24 months. For hedges of groups of items, the Company is required to transfer to subgroups those instruments that reference RFRs. Any hedging relationships that prior to application of IBOR reform Phase 2, have been discontinued solely due to IBOR reform and meet the qualifying criteria for hedge accounting when IBOR reform Phase 2 is applied, must be reinstated upon initial application

34) Comparative Figures

Some of the comparative figures for the year ended 31 December 2019 have been reclassified to correspond with the year ended 31 December 2020 presentation.

35) Coronavirus Impact (covid – 19)

The coronavirus outbreak has impacted and caused significant disruption in the global economy and different business sectors along with restrictions and procedures implemented by governments the spread of this epidemic has been impact on the changes in the company's financial position, especially on cash collection, which was reflected in the calculation of the provision for expected credit losses on the company's financial statements as on December 31, 2020.