

**Jordan Loan Guarantee Corp.**  
**Public Shareholding Company**  
**Condensed Interim Financial Statements (Unaudited)**  
**30 June 2019**

**Jordan Loan Guarantee Corp.  
Public Shareholding Company**

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**Report on Review of Condensed Interim Financial Statements**

**To The Board of Directors  
Jordan Loan Guarantee Corp.  
Public Shareholding Company  
Amman - Jordan**

**Introduction**

We have reviewed the accompanying condensed interim financial statements of **Jordan Loan Guarantee Corp.** comprising the interim statement of financial position as at 30 June 2019 and the related interim statement of profit or loss, interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the six-months period then ended and the notes about condensed interim financial statements. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard number (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

**Scope of Review**


We conducted our review in accordance with the International Standard on Review Engagements number (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial statement consists of making inquiries, primarily of persons responsible for 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 condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

28 July 2019  
Amman - Jordan



  
**Arab Professionals**  
**Ibrahim Hammoudeh**  
**License No. (606)**

**Jordan Loan Guarantee Corp.**  
**Public Shareholding Company**  
**Interim Statement of Financial Position as at 30 June 2019**  
**(In Jordanian Dinar)**

	Note	30 June 2019 (Unaudited)	31 December 2018 (Audited)
<b>Assets</b>			
Cash and cash equivalents		1,682,873	2,565,464
Deposits at banks		27,825,850	26,822,940
Restricted bank deposits		41,587,517	38,784,768
Restricted financial assets measured at amortized cost		265,811,328	165,489,888
Financial assets measured at fair value through other comprehensive income		1,180,053	1,183,597
Financial assets measured at amortized cost		4,282,561	4,282,552
Receivables and other current assets		898,430	865,065
Deferred tax assets		592,986	447,199
Property and equipment		3,141,925	3,195,551
<b>Total Assets</b>		<b>347,003,523</b>	<b>243,637,024</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Provisions against loans guarantee	4	19,370,190	14,890,058
Central Bank of Jordan loan - Industrial loans guarantee program		5,160,695	5,160,695
Central Bank of Jordan loan – Export credit guarantee program		99,999,277	99,999,277
Central Bank of Jordan loan – Support bank guarantees for contractors outside Jordan program		100,000,000	-
Ministry of Planning deposit		1,248,500	1,248,500
Startup micro projects loans		83,110,383	83,588,958
Payables and other current liabilities		2,217,553	3,037,346
Income tax provision		175,245	152,186
<b>Total Liabilities</b>		<b>311,281,843</b>	<b>208,077,020</b>
<b>Equity</b>			
Paid in capital		29,080,310	29,080,310
Statutory reserve		1,719,633	1,719,633
Voluntary reserve		2,204,824	2,204,824
Fair value adjustments		491,778	496,443
Retained earnings		2,225,135	2,058,794
<b>Total Equity</b>		<b>35,721,680</b>	<b>35,560,004</b>
<b>Total Liabilities and Equity</b>		<b>347,003,523</b>	<b>243,637,024</b>

“The accompanying notes from (1) to (7) are an integral part of these condensed interim financial statements and read with review report”

**Jordan Loan Guarantee Corp.**  
**Public Shareholding Company**  
**Interim Statement of Profit or Loss For the Six Months Ended at 30 June 2019 (Unaudited)**

**(In Jordanian Dinar)**

	For the three months ended		For the six months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
<b>Revenues</b>				
Interest income	397,481	368,319	807,937	729,518
Bonds interest income	71,707	72,866	142,092	145,027
Commissions on guaranteed loans	286,811	283,089	573,218	564,169
Commissions on guaranteed exports and domestic buyers	57,061	20,968	107,749	41,135
Commissions on guaranteed industrial loans and financial leasing	122,475	95,338	238,997	182,779
Dividends income	2,474	11,649	107,474	68,649
Other revenues	8,786	8,811	17,597	31,181
<b>Total revenues</b>	<b>946,795</b>	<b>861,040</b>	<b>1,995,064</b>	<b>1,762,458</b>
<b>Deduct :</b>				
Administrative expenses	379,921	376,727	758,851	729,588
Provisions against loans guarantee	512,144	575,738	1,010,725	575,738
Provision for expected credit loss of deposit and bonds	74,310	11,521	49,832	11,521
Provision against end of service indemnity	6,170	5,734	12,273	11,405
<b>Profit (loss) before income tax</b>	<b>(25,750)</b>	<b>(108,680)</b>	<b>163,383</b>	<b>434,206</b>
Income tax excess (expenses) for the period	2,472	22,901	2,958	(81,419)
<b>Profit (loss) for the period</b>	<b>(23,278)</b>	<b>(85,779)</b>	<b>166,341</b>	<b>352,787</b>
<b>Basic and diluted earnings (losses) per share</b>	<b>(0.001)</b>	<b>(0.003)</b>	<b>0.006</b>	<b>0.012</b>

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**Jordan Loan Guarantee Corp.**  
**Public Shareholding Company**  
**Interim Statement of Comprehensive Income For the Six Months Ended at 30 June 2019 (Unaudited)**  
**(In Jordanian Dinar)**

	For the three months ended		For the six months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Profit (loss) for the period	(23,278)	(85,779)	166,341	352,787
<b>Other comprehensive income interim:</b>				
Changes in fair value of financial assets through other comprehensive income	-	-	(4,665)	(1,068)
<b>Total comprehensive (loss) income for the period</b>	<b><u>(23,278)</u></b>	<b><u>(85,779)</u></b>	<b><u>161,676</u></b>	<b><u>351,719</u></b>

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**Jordan Loan Guarantee Corp.**  
**Public Shareholding Company**  
**Interim Statement of Changes in Equity For the Six Months Ended at 30 June 2019 (Unaudited)**  
**(In Jordanian Dinar)**

	Paid in capital	Reserves		Fair value adjustments	Retained earnings	Total
		Statutory	Voluntary			
<b>Balance at 1 January 2019</b>	29,080,310	1,719,633	2,204,824	496,443	2,058,794	35,560,004
Total comprehensive income for the period	-	-	-	(4,665)	166,341	161,676
<b>Balance at 30 June 2019</b>	<u>29,080,310</u>	<u>1,719,633</u>	<u>2,204,824</u>	<u>491,778</u>	<u>2,225,135</u>	<u>35,721,680</u>
<b>Balance at 1 January 2018</b>	29,080,310	1,628,770	2,204,824	493,158	1,292,862	34,699,924
Impact of adopting IFRS (9)	-	-	-	-	159,654	159,654
<b>Restated opening balance at 1 January 2018</b>	29,080,310	1,628,770	2,204,824	493,158	1,452,516	34,859,578
Total comprehensive income for the period	-	-	-	(1,068)	352,787	351,719
<b>Balance at 30 June 2018</b>	<u>29,080,310</u>	<u>1,628,770</u>	<u>2,204,824</u>	<u>492,090</u>	<u>1,805,303</u>	<u>35,211,297</u>

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**Jordan Loan Guarantee Corp.**  
**Public Shareholding Company**  
**Interim Statement of Cash Flows For the Six Months Ended at 30 June 2019 (Unaudited)**  
**(In Jordanian Dinar)**

	30 June 2019	30 June 2018
<b>Operating Activities</b>		
Profit for the period before income tax	163,383	434,206
Depreciation	59,355	58,505
Provision against end of service indemnity	12,273	11,405
Provision against loans guarantees	5,367,446	3,392,090
Provision for expected credit loss of deposit and bonds	49,832	11,521
<b>Changes in working capital</b>		
Receivables and other current assets	(33,365)	(302,178)
Payables and other current liabilities	(832,075)	(169,879)
Net payments for loans guarantee	(887,314)	(560,284)
Paid income tax	(120,891)	(132,510)
<b>Net Cash Flows From Operating Activities</b>	<b>3,778,644</b>	<b>2,742,876</b>
<b>Investing Activities</b>		
Property and equipment	(5,729)	(76,095)
Financial assets measured at amortized cost	-	308,225
<b>Net Cash Flows (used in) from Investing Activities</b>	<b>(5,729)</b>	<b>232,130</b>
<b>Financing Activities</b>		
Restricted financial assets measured at amortized cost	(100,321,440)	(51,041,464)
Restricted Bank deposits	(2,802,749)	(8,640,023)
Deposits at banks	(1,052,742)	1,094,157
Startup micro projects loans	(478,575)	57,090,000
Central Bank of Jordan loan – Support bank guarantees for contractors outside Jordan program	100,000,000	-
<b>Net Cash Flows Used in Financing Activities</b>	<b>(4,655,506)</b>	<b>(1,497,330)</b>
<b>Net changes in cash and cash equivalents</b>	<b>(882,591)</b>	<b>1,477,676</b>
Cash and cash equivalents, beginning of year	2,565,464	451,741
<b>Cash and cash equivalents, end of period</b>	<b>1,682,873</b>	<b>1,929,417</b>

“The accompanying notes from (1) to (7) are an integral part of these condensed interim financial statements and read with review report”



**Jordan Loan Guarantee Corp.**  
**Public Shareholding Company**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**30 June 2019**

**(In Jordanian Dinar)**

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**1 . General**

**Jordan Loan Guarantee Corp.** is a public shareholding company incorporated on 26 March 1994. The company was formed as successor to the Loan Guarantee Project as result of the Council of ministers' decision that transferred all accounts and assets of the project to the Central Bank of Jordan in preparation for the establishment of a public shareholding company for loan guarantee. The Company head office is in the Hashemite Kingdom of Jordan.

The company's goals include providing guarantees to fully or partially cover loans of different types, granted by banks and financial institutions for the establishing, expanding, and raising the productive and marketing capacity of economic projects with the aim of creating job opportunities and securing possibilities for earning or saving foreign reserves. The company's goals also include extending guarantees required to cover risks in the field of Jordanian export sector.

The Company's stocks are listed in Amman Stock Exchange – Jordan.

The accompanying condensed interim financial statements have been approved for issue by the Company's Board of Directors on 28 July 2019.

**2 . Summary of Significant Accounting Policies**

**Basis of Preparation**

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard number (34) "Interim Financial Reporting". They do not include all of the information required in annual financial statements in accordance with IFRSs, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2018.

The condensed interim financial statements have been prepared on a historical cost basis except for financial assets at fair value.

The condensed interim financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

The accounting policies are consistent with those used in the previous period, except for the adoption of new and amended standards effective as at the beginning of the period.

**Use of Estimates**

The preparation of the condensed interim financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, expenses and the provisions. 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 reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the interim statement of profit or loss.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

### 3 . Balances of guaranteed loans and ceilings

	Loans Ceilings		Guaranteed loans	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Housing loans guarantees	27,935,906	28,435,906	18,196,928	20,574,456
Productive loans guarantees	50,730,134	50,667,134	52,611,651	52,183,675
Export credit guarantees & domestic buyers	5,376,145	2,983,393	5,376,145	2,983,393
Industrial loans guarantees	26,029,626	21,761,694	26,029,626	21,761,694
Finance lease	1,080,460	1,624,591	1,080,460	1,624,591
Startup loans guarantees	6,761,263	2,625,782	6,761,263	2,625,782
	<b>117,913,534</b>	<b>108,098,500</b>	<b>110,056,073</b>	<b>101,753,591</b>

### 4 . Provisions against loans guarantee

The breakdown of provisions for loans guarantee presented in the interim statement of financial position is as follows:

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Provision for productive loans guarantees	2,349,585	1,692,269
Provision for housing loans guarantees	304,935	389,727
Reserved provision against loans guarantees	-	47,765
Provision for industrial financing	4,203,547	4,315,300
Provision for pioneer projects financing	129,539	97,644
Provision for startup companies financing	5,401,121	3,811,752
Provision for export credit guarantee financing	6,688,492	4,535,601
Provision for Support bank guarantees for contractors outside Jordan program	292,971	-
	<b>19,370,190</b>	<b>14,890,058</b>

### 5 . Tax Status

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2017.
- The income tax return for the year 2018 has been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- The income tax provision for the six-months ended 30 June 2019 was calculated in accordance with the Income Tax Law.

**Jordan Loan Guarantee Corp.**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**30 June 2019**

**6 . Analysis of the maturities of assets and liabilities**

The following table illustrates the analysis of assets and liabilities according to the expected period of their recoverability or settlement.

30 June 2019	Up to one year	More than one year	Total
<b>Assets</b>			
Cash and cash equivalents	1,682,873	-	1,682,873
Deposits at banks	27,825,850	-	27,825,850
Restricted bank deposits	-	41,587,517	41,587,517
Restricted financial assets measured at amortized cost	-	265,811,328	265,811,328
Financial assets measured at fair value through other comprehensive income	-	1,180,053	1,180,053
Financial assets measured at amortized cost	800,000	3,482,561	4,282,561
Receivables and other current assets	898,430	-	898,430
Deferred tax assets	-	592,986	592,986
Property and equipment	-	3,141,925	3,141,925
<b>Total assets</b>	<b>31,207,153</b>	<b>315,796,370</b>	<b>347,003,523</b>
<b>Liabilities</b>			
Provisions against loans guarantee	-	19,370,190	19,370,190
Central Bank of Jordan loan – Industrial loans guarantees program	-	5,160,695	5,160,695
Central Bank of Jordan loan – Export credit guarantees program	-	99,999,277	99,999,277
Central Bank of Jordan loan – Support bank guarantees for contractors outside Jordan program	-	100,000,000	100,000,000
Ministry of Planning withholding	-	1,248,500	1,248,500
Startup micro projects loans	958,500	82,151,883	83,110,383
Payables and other current liabilities	2,217,553	-	2,217,553
Income tax provision	175,245	-	175,245
<b>Total liabilities</b>	<b>3,351,298</b>	<b>307,930,545</b>	<b>311,281,843</b>
<b>31 December 2018</b>	<b>Up to one year</b>	<b>More than one year</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	2,565,464	-	2,565,464
Deposits at banks	26,822,940	-	26,822,940
Restricted bank deposits	-	38,784,768	38,784,768
Financial assets measured at fair value through other comprehensive income	-	1,183,597	1,183,597
Restricted financial assets measured at amortized cost	-	165,489,888	165,489,888
Financial assets measured at amortized cost	800,000	3,482,552	4,282,552
Receivables and other current assets	865,065	-	865,065
Deferred tax assets	-	447,199	447,199
Property and equipment	-	3,195,551	3,195,551
<b>Total assets</b>	<b>31,053,469</b>	<b>212,583,555</b>	<b>243,637,024</b>
<b>Liabilities</b>			
Provisions against loans guarantee	-	14,890,058	14,890,058
Central Bank of Jordan loan – Industrial loans guarantee program	-	5,160,695	5,160,695
Central Bank of Jordan loan – Export credit guarantee program	-	99,999,277	99,999,277
Ministry of Planning deposit	-	1,248,500	1,248,500
Startup micro projects loans	-	83,588,958	83,588,958
Payables and other current liabilities	3,037,346	-	3,037,346
Income tax provision	152,186	-	152,186
<b>Total liabilities</b>	<b>3,189,532</b>	<b>204,887,488</b>	<b>208,077,020</b>

**7 . Fair Value of Financial Instruments**

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

<u>30 June 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income	<u>930,863</u>	<u>145,000</u>	<u>104,190</u>	<u>1,180,053</u>
<u>31 December 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income	<u>934,407</u>	<u>145,000</u>	<u>104,190</u>	<u>1,183,597</u>

Financial assets included in level 3 are stated at cost less impairment charges, as the fair value of these assets cannot be measured reliably due to the lack of available active markets for identical assets.