



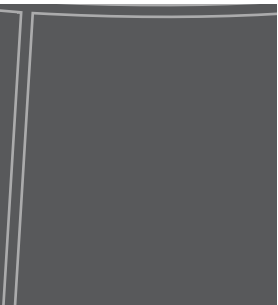
JORDAN
LOAN GUARANTEE CORP.

The Small Business Company Of Jordan



Jordan Loan Guarantee Corporation

The Small Business Company Of Jordan



2011
ANNUAL REPORT **18**



Headquarters

24 Prince Shaker Ben Zaid Street - Al Shmeisani

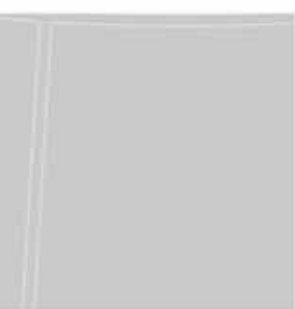
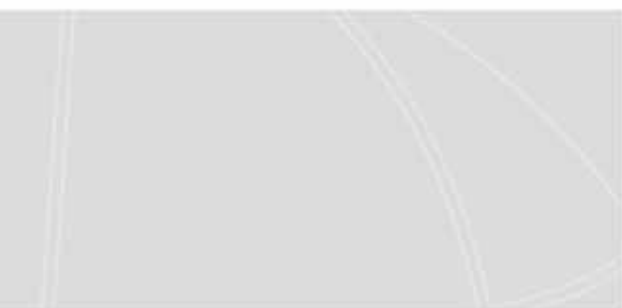
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His Majesty King Abdullah II Bin Al-Hussein



His Royal Highness Crown Prince Hussein Bin Abdullah

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Jordan Loan Guarantee Corporation

A Limited, Public Shareholding Company, established under the Jordanian Companies Law and registered in the Public Shareholding Companies Register on 26.03.1994, under No.242, with a declared and paid-up capital of JD 10 million.



Mission Statement

To enhance sustainable economic growth in Jordan through improving the credit environment available to the economically viable small and medium sized enterprises and national exports by providing them with credit and loan guarantees.





Message from the Chairman

In the Name of God the Merciful the Compassionate

Ladies and Gentlemen:

I would like to welcome you to the 18th Annual Ordinary General Assembly Meeting of the Jordan Loan Guarantee Corporation (JLGC). It gives me true pleasure to present to you on behalf of Board of Directors, the 18th annual report containing the operating activities and achievements of JLGC during 2011, including the financial statements and the external auditor's report for the year ended on 31/12/2011.

Honorable Shareholders,

JLGC performance during the year 2011 was affected by the latest economic developments in the international and regional arenas that heightened the challenges facing the Jordanian economy and leading to slower growth in the overall economic activities in the Kingdom compared to the period that preceded the global economic crisis.

Despite of these developments, the overall indicators of the banking system continued to reflect sound financial positions and improved performance as presented in the capital adequacy, liquidity and profitability measures of banks operating in Jordan. Banks direct credit facilities to the private sector grew by 10% during the year 2011 which is consistent with the overall growth of economic activity in the Kingdom. The growth was motivated by the competitive interest rates on credit facilities, which narrowed the spreads between deposit and lending rates in the market in general. The growth in credit, however, was accompanied by an increase in the nonperforming loans ratio, given the overall slowdown in economic activities, with some of these loans being guaranteed by JLGC.

This balanced performance of the banking system reflected the efforts of the Central Bank to improve further the soundness of the banking system and increase its competitiveness. The Central Bank continued in exerting the needed effort to ensure that banks have effective risk management systems and sound corporate governance. It also intensified its effort to sustain adequate levels of capital and liquidity in the banking system to face any unexpected risks, and sustain a sound system capable of performing its pivotal roles effectively.

Honorable Shareholders,

Given the importance of financing small and medium-sized enterprises in the economy, banks continued to benefit from the facilities and credit lines targeted for these projects in the Jordanian market, which in turn helped activate the role of JLGC to enhance the ability of banks to grant credit and provide funding for investments of the private sector and stimulate economic activity.

JLGC enhanced its effort in 2011 to achieve the goal it was established for, namely to provide the necessary guarantees to credit facilities granted to small and medium size enterprises and for Jordanian exports. Both functions contribute directly to job creation and export promotion with the objective of enhancing economic growth in the Kingdom at large.

JLGC provided guarantees for 936 loans with a guaranteed value of JD 23.3 million during the year 2011, compared with 1087 loans and a guaranteed amount of JD14.9 million in 2010. It also signed 24 export credit guarantee policies totaling JD 164.4 million compared with 25 policies in 2010 valued at JD 153.3 million. The guaranteed export shipments during 2011 amounted to 290 shipments with a total value of JD 117.7 million in comparison with 1108 shipments valued at JD 65.4 million in 2010.

In terms of the financial performance of JLGC, the operating and investment income declined to reach JD 1.221 million in 2011, down from JD 1.845 million achieved in 2010. The figure for the year 2010, however, includes nonrecurring revenues totaling JD 594.7 thousand. Despite the containment of the general and administrative expenses by about 15%, the bottom line showed a loss driven mainly by the increase in provisions for bond investments and loan guarantees outstanding with both of them being affected by the slowdown in the economic activity in the country. Accordingly, the total value of shareholders' equity retreated to reach JD 14.011 million by the end of 2011 compared with JD 14.576 million at the end of the previous year. Total assets also declined to reach JD 21.981 million by the end of 2011 in comparison with 22.91 million at the end of 2010.

Honorable Shareholders,

JLGC is looking forward to continue to perform its mandate in facilitating the financing of small and medium-sized enterprises, while continuously working to improve the efficiency of its risk management, in order to achieve the goals it was established for and to achieve the operational sustainability and targeted growth in the future.

Finally, allow me to extend my sincere thanks on your behalf to my fellow Board Members and the Director-General for their efforts in achieving the objectives of the company, pleading with God to keep Jordan under His Majesty King Abdullah II, May God protect him.

May peace and God's mercy and blessings be upon you,

D. Maher, "Sheikh Hasan"
Chairman of the Board



Message from the Director General

In the Name of God the Merciful the Compassionate

Honorable Shareholders,

The Jordan Loan Guarantee Corporation (JLGC) continues to play its vital role in the Jordanian economy to achieve its mission. It enhanced, during the year 2011, its provision of loan guarantees necessary to facilitate banks financing to small and medium sized enterprises that are the primary contributors to job creation and sustainable economic growth.

JLGC also contributed to the promotion of Jordanian exports through its export credit guarantees provided to Jordanian exporters against the nonpayment risks.

Honorable Shareholders,

JLGC provided guarantees for 936 loans with a guaranteed amount of JD 23 million during the year 2011 through its different loan guarantee programs, in comparison with 1078 guaranteed loans worth nearly JD 15 million in 2010. Guarantees provided in 2011 were split between 516 productive loans with a guaranteed value of over JD 12 million, and 420 housing loans totaling JD 11.26 million. The outstanding balance of the guaranteed loans portfolio reached JD 49.2 million by the end of 2011 compared with JD 43.8 million a year earlier.

JLGC also guaranteed, through its exports and domestic buyers' credit guarantee programs, 1290 shipments with a guaranteed value exceeding JD 117 million, in comparison with 1108 shipments valued at JD 65.4 million in 2010. The shipments were divided into 1151 export shipments totaling JD 110.9 million and 139 shipments of local sales worth JD 6.8 million.

Honorable Shareholders,

Due to the developments in economic growth in general, the banks and lending institutions participating in the loan guarantee programs submitted claims for loan defaults valued at JD 1.35 million in 2011 compared with only JD 0.694 million in 2010; reflecting a significant increase of 94.5%. Accordingly, reimbursements soared to reach JD 1.06 million in 2011 up from JD 195 thousand 2010. Recoveries, however, amounted to JD 274 thousands in 2011 compared with JD 121 thousands in 2010. Also a total value of JD 2.99 million in loans were re-scheduled in 2011, compared with JD 5.2 million in 2010.

Honorable Shareholders,

It is worth mentioning that the total operating revenues of JLGC has risen from JD 586 thousands in 2010 to JD 640 thousands in 2011 due to the increase in fees collected from both loans and export shipments guarantees. However, investment income retreated from JD 660.6 thousands to JD 565.9 thousands during the same period. Also, with the increase in provisions for loan guarantees along with those for bond investments, the net income for JLGC showed a loss JD 262.4 thousand in 2011 compared with a net profit of JD 317 thousand achieved a year earlier.

Dear shareholders,

Let me finally express my sincere thanks and appreciation to the Chairman and Members of the Board and all the staff of the JLGC on their dedication and hard work during the year to achieve the objectives of the company, asking the God Almighty to protect Jordan under His Majesty King Abdullah II, may God protect him.

May peace and God's mercy and blessings be with you.

Dr. Mohammed Al-Jafari

Director General

Summary Results of 2011 vs. 2010

Operational Results

Loan Guarantees		
Loans Executed & Under Execution During the Year		
Number of Loans	2011	2010
Productive loans	516	848
Personal Loans	420	230
Total	936	1,078
Guaranteed Values	2011	2010
Productive loans	12,038,130	8,563,475
Personal Loans	11,263,433	6,313,664
Total	23,301,563	14,877,139

Credit Guarantees		
Guaranteed Shipments During the Year		
Number of Shipments	2011	2010
Export Credit	1151	940
Domestic Credit	139	168
Total	1290	1,108
Guaranteed Values	2011	2010
Export Credit	110,892,715	58,703,384
Domestic Credit	6,844,045	6,714,143
Total	117,736,760	65,417,527

Guaranteed Portfolio Outstanding at the End of the Year		
Number of Loans	2011	2010
Productive loans	819	1,090
Personal Loans	2244	2,224
Total	3063	3,314
Guaranteed Values	2011	2010
Productive loans	14,009,427	12,403,875
Personal Loans	35,191,118	31,395,114
Total	49,200,545	43,798,989

Guaranteed Portfolio Outstanding at the End of the Year		
Number of Shipments	2011	2010
Export Credit	339	199
Domestic Credit	55	56
Total	394	255
Guaranteed Values	2011	2010
Export Credit	2,641,130	6,558,034
Domestic Credit	408,521	1,707,090
Total	3,049,651	8,265,124

Total Guaranteed Portfolio		
	2011	2010
Total Loan Guarantee Portfolio	49,200,545	43,798,990
Total Credit Guarantee Portfolio	3,049,651	8,265,124
Total Portfolio	52,250,196	52,064,113

Total Ceilings Offered To Banks		
	2011	2010
Productive Loans Ceilings	5,333,700	5,019,700
Personal Loans Ceilings	42,844,186	40,184,000
Total Ceilings	48,177,886	45,203,700



Summary Results of 2011 vs. 2010

Paid Indemnifications			Re-Scheduling		
	2011	2010		2011	2010
Loan Guarantee Indemnifications	566,579	95,718	Loan Guarantee Re-Scheduling	1,089,098	1,947,423
Industrial Finance Indemnifications	493,886	-	Industrial Finance Re-Scheduling	1,902,679	3,268,547
Exports Indemnifications	-	99,195	Exports Re-Scheduling	-	-
Total Indemnifications	1,060,465	194,913	Total Re-Scheduling	2,991,777	5,215,970

Recoveries			Claims		
	2011	2010		2011	2010
Loan Guarantee Recoveries	183,060	121,659	Loan Guarantee Claims	937,140	165,114
Industrial Finance Recoveries	91,062	-	Industrial Finance Claims	413,678	529,310
Exports Recoveries	-	-	Exports Claims	-	-
Total Recoveries	274,122	121,659	Total Claims	1,350,818	694,424

Financial Results		
	2011	2010
Operational Revenues	640,857	586,392
Realized Financial Revenues	565,943	660,692
Canceled Provisions	-	594,759
Other Revenues	13,815	2,943
Total Realized Revenues	1,220,615	1,844,786
Financial Assets measured at fair value through profit or loss revaluation	(47,115)	5,296
Total Revenues	1,173,501	1,850,082
(Less) General and Administrative Expenses	959,094	1,140,233
Gross Profit / Loss	214,406	709,849
(Less) Provisions & Other Fees	474,723	18,278
(Less) Income Tax	2,124	374,552
Year's Profit (Loss)	(262,441)	317,019

1. JLGc's Main Activities, Location, Number of Employees & Size of Capital Investment

a. JLGc's Main Activities

Jordan Loan Guarantee Corporation aims to enhance sustainable economic growth in Jordan through improving the credit environment available to the economically viable small and medium sized enterprises and national exports by providing them with the following credit and loan guarantee programmes:

I. LOAN GUARANTEE PROGRAMMES

1 - Productive Loan Guarantee Programme

- SMEs Loan Guarantee Programme.
- Micro Loan Guarantee Programme.
- Industrial Modernization Loan Guarantee Programme - EJADA.
- Leasing Guarantee Programme - EJADA.

2 – Housing & Personal Loan Guarantee Programmes

- Housing Loan Guarantee Programme
- Land Purchase Loan Guarantee Programme

II. EXPORT & DOMESTIC CREDIT GUARANTEE PROGRAMMES

- Export Credit Guarantee Programme
- Domestic Credit Guarantee Programme

Following are Terms and conditions for the Loan Guarantee Programmes:

Productive Loan Guarantee Programmes	Max. Loan Amount (JD)	Max. Payment Period (Month)	Guarantee Percentage (%)
SMEs Loan Guarantees	70,000	72	70%
Micro Loan Guarantees	15,000	36	70%
Industrial Loan Guarantees (EJADA)	430,000	96	70%
Leasing Guarantees (EJADA)	430,000	96	70%
Housing & Personal Loan Guarantee Programmes	Max. Loan Amount (JD)	Max. Payment Period (Month)	Guarantee Percentage (%)
Housing Loan Guarantees	75,000	300	75%
Land Purchase Loan Guarantees	50,000	120	70%
Credit Guarantee Programmes	Max. Shipment Amount (JD)	Max. Payment Period (Month)	Guarantee Percentage (%)
Export Credit Guarantees	4,000,000	6	90%
Domestic Credit Guarantees	4,000,000	4	90%



b. JLGC's Location & Number of Employees

JLGC offices are located at Bldg. 24 Prince Shaker Bin Zaid Street in Shmeisani Area in Amman, and there are no other branches in or outside Amman.

The JLGC programmes and services were run by a staff of **34** employees in 2011.

c. Size of Capital Investment

- Total size of investment in 2011 was **JD 3,243,359** in comparison with JD 3,295,945 in 2010.

2 - A description of the Subsidiary Companies, the nature of their business and their areas of activity

There are no subsidiary companies.

3 - The members of the Board of Directors names and the names and ranks of Senior Executive Management with a brief resume of each

a. Board of Directors

H.E. Dr. Maher "Sheikh Hassan"

Deputy Governor of the Central Bank of Jordan
Chairman
since 13 February 2012

- PhD in Economics and Masters in Statistics / Washington State University / USA 2001.
- Masters in Economics / University of Jordan / 1996.
- Bachelor Degree in Economics / Yarmouk University / 1993.
- Deputy Governor of Central Bank since 8 January 2012.
- Won the "Exceptional Efforts" award from the International Monetary Fund.
- Headed and joined International Monetary Fund missions for evaluations and technical assistance to member countries.
- Assistant Section Head / Monetary Affairs and Capital Markets Department / International Monetary Fund / 2009.
- Economic Expert / Middle East and Near Asia / International Monetary Fund / 2005.
- Governor's office Manager / Central Bank of Jordan.
- Executive Manager / Banking Supervision Department / Central Bank of Jordan.
- Banking Supervision Department / Central Bank of Jordan / 1994.
- Have many book and research papers on Monetary Policy, Inflation, Evaluation and Selection of Exchange Rates, Financial Assets Price Bubbles, and many others.
- Governor of the Central Bank of Jordan until 9 January 2012.
- Deputy Governor of Central Bank since 16 February 2003.
- Managing Director and Board Member of the Deposits Guarantee Corporation.
- Head of Investment Department in the Arab Monetary Fund - Abu Dhabi.
- Acting Executive Director / Executive Director at the Central Bank of Jordan.
- Head of the Investment Department at the Central Bank of Jordan.
- Employee / Acting Section Head / Section Head / Assistant Head of the Investment Department at the Central Bank of Jordan.

H.E. Mr. Faris Abdel Hamid Sharaf

Chairman
Until 13 December 2011

- Masters Degree in Finance / American University of Beirut / Beirut , Lebanon.
- Masters Degree in Economics / Georgetown University / Washington DC, USA.
- Bachelor Degree in Economics & Political Science / Georgetown University / Washington DC, USA.
- Chairman of the Board / Arab Islamic International Bank / since October 2011.
- Governor / Central Bank of Jordan / until September 2011.
- CEO of Social Security Investment Fund / 2008 - 2010.
- Deputy Governor / Central Bank of Jordan / 2003 - 2007.
- Exec. Manager for Inv. Banking and Capital Markets / Export & Finance Bank / Jordan 1997 - 2003.
- Investment Analyst / International Finance Corporation / Washington DC / 1996 -1997.
- Economic Researcher / Amman Financial Market / 1992 – 1993.
- Chairman and member on the Boards of various Companies and organizations.

H.E. Mr. "Mohammad Said" Mohammad Shahin

Chairman
until 12 February 2012

- Masters in Public Administration (Economic Development) Harvard University 1978.
- Bachelor Degree in Economics 1973.



H.E. Mr. Mohammed Al Jafari

Deputy Chairman

Since 20 December 2011

- PhD in Finance / Manchester University / UK 1997.
- Masters Degree in Economics & Statistics / Jordan University / 1991.
- Bachelor Degree in economics / Yarmouk University / Jordan 1984 .
- Director General / Jordan Loan Guarantee Corporation / since 3 July 2011.
- Director General / Jordan Deposit Insurance Corporation / 2004 - 2011.
- Commissioner for Finance & Administration in the Aqaba Special Economic Zone Authority (ASEZA) / 2002 - 2003.
- Economic Researcher / Central Bank of Jordan / 1986 - 2001.
- Member of the Board of various companies and organizations.
- Member of the Executive Council in the International Association of Deposit Insurers (IADI).

Mr. Mo'taz Barbour

Board Member Until

31 March 2011

- Bachelor Degree in Accounting / High Diploma in Banking Studies.
- Executive Manager / Investment and Foreign Operations Department in the Central Bank of Jordan.
- Executive Manager Assistant in the Investment and Foreign Operations Department in the Central Bank of Jordan.

Mr. Adel Ibrahim Asa'ad

Board Member

- MBA from Eastern University / USA 1993.
- Currently Assistant General Manager at the Housing Bank for Trade & Finance.
- Head for Credit Review at the Housing Bank for Trade & Finance / 2008-2011.
- Manager of Risk Management at the Housing Bank / 2003-2007.
- Fulbright Scholarship at Boston University / USA / 2001-2002 .
- LCs, Transfers, & Internal Auditing at the Housing Bank / 1994-2001.

Mr. Ne'meh Sabagh

Board Member

Since 5 April 2011

- High Management Program / College of Business Administration / Stanford University 1990.
- Masters Degree in Finance & Banking / Chicago University 1976.
- Masters Degree in International Economics / John Hopkins University 1974.
- General Manager / Arab Bank / Jordan since February 2010.
- Executive General Manager / Mediterranean Bank / Lebanon 2006 - 2009.
- Elected Member & CEO / Arab National Bank / Riyadh – Saudi Arabia / 1998 - 2005.
- General Manager / International Banking Group / Bank of Kuwait / 1979 - 1998.

Mr. Walid Abdullah Al Absi

Board Member (Until 4 April 2011)

- Bachelor Degree in Administration / Yarmouk University 1989.
- Currently Head of Large Corporate Unit / Arab Bank.
- Certified Lender Business Banker (CLBB) .
- Corporate Credit Manager / Arab Bank 2010.
- Corporate Business Development Executive Manager / Bank of Jordan 2008.

Mr. Abdel Elah Al Hunaiti

Board Member

- Bachelor Degree in Law.
- General Manager of the Cities & Villages Development Bank since 7/1/2010.
- Head of Administration Department in the Ministry of Rural Affairs.
- Head of the Internal Auditing Unit in the Ministry of Rural Affairs.

Mr. Ramzi Aref Dahabreh

Board Member

- Bachelor Degree in Accounting / Jordan University 1984.
- Aqaba Branch Manager of the Social Security Corporation since 2006.
- Different other positions at the Social Security Corporation.

Mr. Tawfeek Abdel Kader Mukahal

Board Member

- Deputy General Manager / Banking Group / Jordan Kuwait Bank .
- Executive Manager / Credit Marketing / Jordan Kuwait Bank .
- Deputy Chairman for the Jordan Mortgage Refinance Company, Board Member for the Jordan Steel Company.



b. Top Management

Dr. Mohammed Al Jafari

Director General
Since 3 July 2011

- PhD in Finance / Manchester University / UK 1997.
- Masters Degree in Economics & Statistics / Jordan University / 1991.
- Bachelor Degree in economics / Yarmouk University / Jordan 1984 .
- Director General / Jordan Loan Guarantee Corporation / since 3 July 2011.
- Director General / Jordan Deposit Insurance Corporation / 2004 - 2011.
- Commissioner for Finance & Administration in the Aqaba Special Economic Zone Authority (ASEZA) / 2002 - 2003.
- Economic Researcher / Central Bank of Jordan / 1986 - 2001.
- Member of the Board of various companies and organizations.
- Member of the Executive Council in the International Association of Deposit Insurers (IADI).

Dr. Jamal Mohammad Salah

Director General
Until 30 June 2008

- PhD in Economics 1979 from Keele University / United Kingdom.
- Director General / Jordan Loan Guarantee Corporation / Since 1st June 2008.
- Advisor / Islamic Development Bank, Saudi Arabia / July 2001 – July 2007.
- Advisor / Prime Ministry / Jan 2001 - July 2001.
- Sectary General / Ministry of Planning / Nov 1999 - Jan 2001.
- Director General / Jordan Loan Guarantee Corporation / April 1994 – Nov 1999.
- Executive Director / Research Department / Central Bank of Jordan / Jan 1993 – Apr 1994.
- Assistant Executive Director / Central Bank of Jordan / Feb 1988 – Jan 1993.
- Economic Advisor / Central Bank of Qatar / Jan 1983 – Feb 1988.
- Various Positions / Central Bank of Jordan / Sep 1970 – Jan 1983.

Mr. Faeq Nassar

Assistant Director General for Support & Backing Group

- Bachelor Degree in Finance & Management in 1980
- Lecturer then Head of Finance and Administration at the Arab Community College
- Administrative Researcher at the Jordan Electricity Authority
- Financial and Administrative Manager at the International Contractors Group
- Personnel Department / The Housing Bank for Trade and Finance
- Credit Officer at the Arab Land Bank
- With JLGC since Feb. 1 1996

Mr. Mohannad Al Rashdan

Assistant Director General for Technical & Operational Group

- Bachelor Degree in Economics 1993, Masters Degree in Financial Management in 2005.
- Credit Officer at the Housing Bank for Trade and Finance.
- With JLGC since Oct. 1 1995.

Mr. Jamal Al Jafari

Loan Guarantee Department Manager

- Bachelor Degree in Accounting 1998.
- Accountant in the Jordan Distribution Agency.
- With JLGC since Jan 1 1995.

Mr. Zaid Al Kayed

Credit Guarantee Department Manager

- Masters Degree in Business Administration / Kent University, UK , 2005.
- Bachelor Degree in Banking 2002.
- With JLGC since 2003.

Mr. Hekmat Mohanna

Industrial Finance Department Manager (EJADA)

- Bachelor Degree in Banking 1993, Master Degree in Banking 2002.
- Assistant Manager / SME Credit Center / Bank of Jordan 1999-2010.
- Head of Foreign Affairs & International Relations / Cairo Amman Bank 1994-1999.
- With JLGC since 7 June 2010.

4 – Largest Shareholders

The names of JLGC's largest shareholders owning 5% or more of total company shares in 2011 in comparison with 2010

Shareholder	Number of Shares 2011	% of Share 2011	% of Share 2010
Central Bank of Jordan	4,775,000	47.75%	47.75%
Cities & Villages Development Bank	525,000	5.25%	5.25%
Social Security Corporation	524,000	5.24%	5.24%

5. JLGC's competitive position

Jordan Loan Guarantee Corporation is the only company that offers loan and export credit guarantees in Jordan, therefore JLGC faces no competition in the country. However, there are similar regional companies operating in other Arab countries that guarantee Jordanian exports.

JLGC is committed to pursuing the Best Practices in their core business of Loan Guarantees and Export Credit Guarantees that are followed by other similar world class guarantee institutions.

6. The extent of dependence upon specific suppliers and/or major clients

There are no specific suppliers or major clients for JLGC whether local or international who represent 10 % or more of JLGC's purchases and/or sales or revenues.

7. Any Government Protection or Concession Granted to JLGC

Participating Banks utilizing the services offered by the Jordan Loan Guarantee Corporation have the following privileges provided by the Central Bank of Jordan:

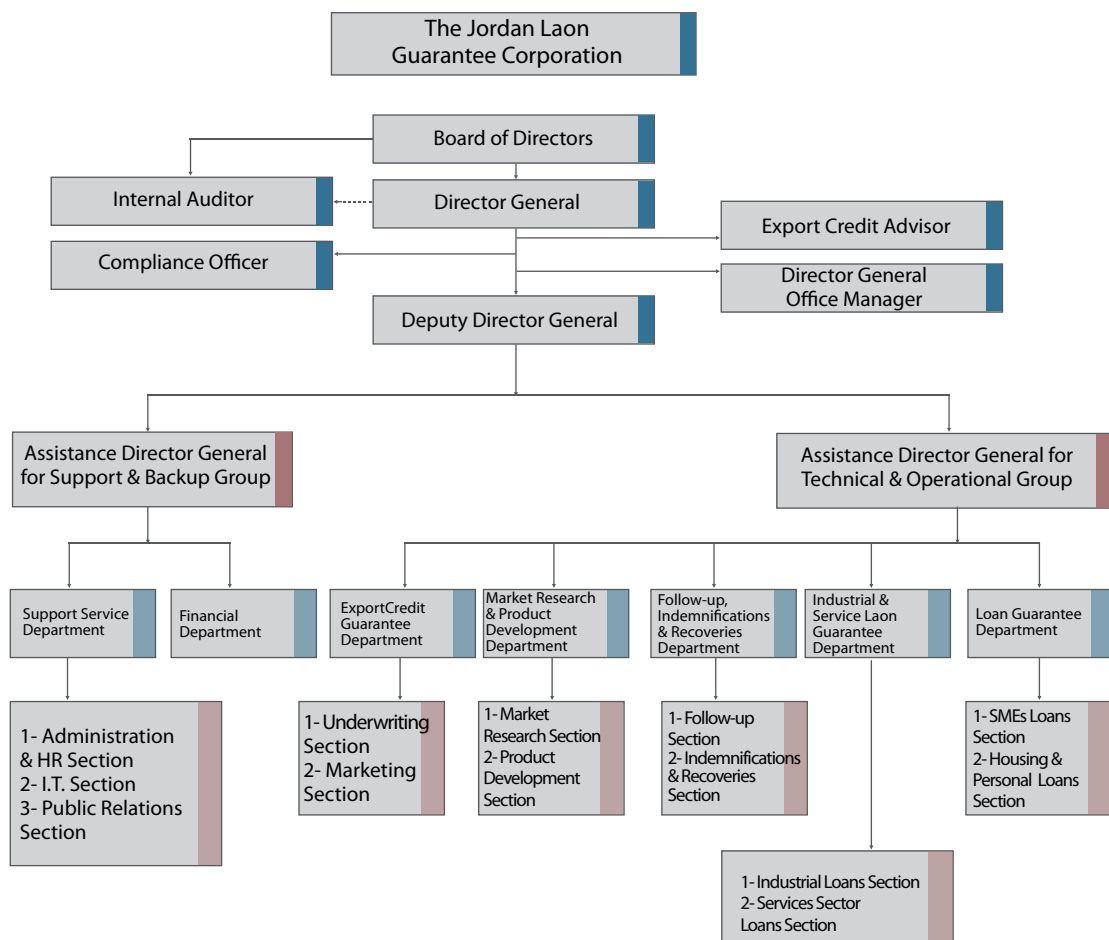
- Loans Guaranteed by JLGC are considered Good loans for which General Provisions required by the Central Bank of Jordan are waived throughout the life of the loan, as for default loans, provisions are waived for the first year of default but to be generated from the second year.
- The portion of the participating bank's assets of guaranteed loans are considered preferred assets and therefore the Weighted Average of Capital Adequacy required from banks against their loans is decreased.

8. Any Decision by the Government with a material effect on JLGC

- The Council of Ministers has decided to exempt all JLGC's Export Credit Guarantee contracts and their subsequent claims from relevant stamp duties.
- The Council of Ministers decision number (438) dated 26/1/2010 exempted JLGC from sales and all other taxes and fees except for Income Tax.

9. JLGC's Organizational Chart, Number of Employees their Qualifications, and Training programs

A . Organizational Chart at the end of 2011



B. Number of Employees and their Qualifications at the end of 2011

The Number of employees in 2011 was **34** compared to 40 employees in 2010, with their qualifications as follows:

Year	PhD	Master Degree	High Diploma	Bachelor Degree	Junior College	High School	Less than High School	Total
2011	1	5	1	19	2	3	3	34
2010	1	5	1	21	4	5	3	40

Positions are filled through the employment committee and the approval of the Director General and through the Board of Director's decision for top management positions.

The following table shows employees' turnover during the past 5 years:

Year	Employees Turnover
2011	27.7%
2010	22.8%
2009	21.0%
2008	24.0%
2007	21.0%

C. Employees Training in 2011

To increase employee's qualifications, JLGC nominated employees for the following training courses during the past 5 years:

Year	# of Internal Courses	# of Employees Trained Internally	# of External Courses	# of Employees Trained Externally	Total Training Costs
2011	16	15	4	3	10,978
2010	19	11	4	4	7,727
2009	18	13	3	2	4,898
2008	30	20	7	6	18,967
2007	25	18	7	5	13,771



10. A description of JLGC's risk exposure

Since the nature of JLGC's work is providing guarantees against loan risks of the small and medium sized enterprises as well as the risks of export credit, the company is exposed to the risk of default for these SME loans and the risk of non-payment of foreign buyers of the Jordanian exports. In 2011 JLGC's paid amounts for default guarantees reached a **JD 1,060,475** compared to JD 116,084 in 2010.

11. Accomplishments Supported by Numbers

The Jordan Loan Guarantee Corporation offered 936 loan guarantees in 2011 with a guaranteed value of JD 23.3 million in 2011, in comparison with 1078 loans with a guaranteed value of JD 14.88 million in 2010.

Out of the guaranteed loans in 2011, there were 516 productive loans with a guaranteed value of JD 12.04 million, and 420 housing loans with a guaranteed value of JD 11.26 million.

At the end of 2011, the outstanding guaranteed loans portfolio was 3063 loans with a guaranteed value of JD 49.2 million, in comparison with 3314 loans in 2010 with a guaranteed value of JD 43.8 million.

The outstanding loan guarantees portfolio in 2011 is divided into 819 outstanding productive loans and 2244 outstanding housing loans, with guaranteed values of JD 14 million and JD 35.2 million respectively.

On the other hand and through the Export and Domestic Credit Guarantee programmes, the Jordan Loan Guarantee Corporation guaranteed a total of 1290 shipments with a guaranteed value of JD 117.7 million in 2011, in comparison with 1108 shipments with a guaranteed value of JD 65.4 million in 2010.

Guaranteed shipments in 2011 are divided into 1151 export shipments and 139 domestic sales shipments, with guaranteed values of JD 110.9 million and JD 6.8 million respectively.

Claims for defaulted guaranteed loans received from participating banks and financing institutions during 2011 totaled a guaranteed value of JD 1.35 million, in comparison with JD 694 thousand in 2010, at an increase of 94.5% from last year.

As for indemnifications paid by the company for defaulted loans during 2011, it has increased to reach to JD 1.06 million, compared to only JD 195 thousand paid in 2010. This company recovered an amount of JD 274 thousand in 2011, compared to JD 122 thousand recovered in 2010.

In addition there were a number of rescheduled loans in 2011, with a guaranteed value of JD 2.99 million, in comparison to rescheduled loans with a JD 5.2 million guaranteed value in 2010.

The financial results of the company showed the total operating income has increased from JD 586 thousand in 2010 to JD 640 thousand in 2011 due to more guarantees of loans and export shipments, on the other hand the investment income of the company decreased from JD 660.6 thousand in 2010 to JD 565.9 in 2011.

The revaluation of financial assets and the allocation of provisions to face any declining value of company investments both had a negative effect on the final results, to show losses of JD 262.4 thousand in 2011 in comparison to a JD 317 thousand profit in 2010.

12. The Financial Impact of Non-Recurrent Transactions

An amount of JD 289,547 is held as a provision for devaluation of debentures in addition to overdue interest revenues.

13. A Chronology of the Realized Profits or Losses, Dividends, Shareholders' Net Equity and Prices of Securities issued by JLGC

Year	Net Profit before Taxes & other Provisions	Dividends Distributed to Shareholders	Shareholders Net Equity	Share Price
2000	781,166	-	12,180,468	-
2001	647,883	500,000	13,051,558	-
2002	494,280	350,000	13,151,984	-
2003	1,297,527	700,000	14,295,001	-
2004	1,116,355	600,000	15,000,699	-
2005	3,027,045	700,000	17,531,279	1.58
2006	(161,462)	500,000	16,680,780	1.19
2007	1,075,733	600,000	17,012,200	1.24
2008	(1,205,485)	500,000	15,133,003	0.70
2009	954,607	400,000	14,777,837	0.65
2010	698,557	300,000	14,576,044	0.63
2011	(260,317)	0	14,011,458	0.47

Note: Company Shares were quoted from the Second Amman Financial Market early 2005

14. Analysis of JLGC's Financial Status

Ratios	2011	2010	2009	2008	2007
Earnings per Share	-0.026	0.032	0.087	-0.105	0.072
Return on Investment	-1.194%	1.38%	3.68%	-4.60%	2.80%
Return on Shareholder's Equity	-1.873%	2.17%	5.87%	-6.92%	4.20%
Return on Paid Up Capital	-2.624%	3.17%	8.68%	-10.47%	7.20%
Holding Ratio	63.741%	63.62%	62.68%	64.52%	67.20%
Fixed Assets / Shareholder's Equity	23.148%	22.61%	21.45%	1%	0.64%
Rate of Indebtedness	1.637%	1.90%	2.32%	2.64%	3.10%
Liabilities to 3rd parties / Total Assets	36.259%	36.37%	37.32%	35.50%	32.80%
Liabilities to 3rd parties / Shareholder's Equity	56.884%	57.18%	59.54%	55.11%	48.80%
Current Liabilities / Shareholder's Equity	2.568%	2.99%	3.70%	4.17%	4.60%
Revenue / Total Assets	5.3%	8.1%	9.00%	7.30%	9.07%
Circulation Ratio	5124.458%	4436%	3621.53%	3623.51%	3187.50%
Working Capital (JD)	18,075,238	18,873,410	19,250,407	22,259,535	24,179,794

15. Important Future Plans & Developments

Below is a summary of the company's main future plans:

- Continue the marketing of loan guarantee programs to banks and financing institutions and emphasize the company's role in facilitating the necessary financing for small and medium enterprises.
- Disseminate the export domestic sales credit guarantee mechanism to exporters and industrialists, and emphasize the company's important role in supporting Jordanian exports.
- Continue field visits, seminars, conferences and workshops aimed at spreading the culture of the Loan Guarantees and Export & Domestic Sales Credit Guarantees and the company's developmental role in the Jordanian economy and the reduction of the unemployment by facilitating the financing of small and medium enterprises.
- Acknowledgement of developments in products provided by banks to target entrepreneurs and come up with flexible mechanisms and guarantee programs to meet the new requirements for these products.
- Continue to work on marketing the mechanism of providing guarantees to the banks full portfolio granted to small and medium-sized companies in order to serve a greater range of financed projects.
- Continue to work on developing an appropriate mechanism to delegate to the banks and financial institutions to complete the process of guarantees without returning to the company, providing compliance to pre-agreed conditions, which will accelerate the financing process and shorten procedures that may hinder the work.
- Continue to work with government agencies to create a government fund to support the Export Credit Guarantee mechanism to guarantee the political risks for Jordanian exports to the countries that are not covered by re-insurance companies.
- Work on creating an Underwriting Section in the company to expand the activities of the Export Credit Guarantee Department to include risk analysis of different countries and foreign importers.
- Continue to work on improving the electronic system used in all operational, financial, and administrative activities of the company, and the possibility of adopting an electronic system of processes and procedures for dealing with banks and financial institutions to increase speed and efficiency of work in the company.
- Improve the human resources in the company through continued training and development of qualifications to increase efficiency and productivity.
- Expand dealings with institutions specialized in micro-lending (Micro Finance) and financial leasing institutions.
- Continue cooperation with donor agencies along with the Ministry of Planning and Central Bank of Jordan to help achieve the developmental objectives of the company to support small and medium sized enterprises and in particular to give the loans of these SMEs guaranteed by JLGC a preferred low interest rates to match the lowered risk through guarantees on the banks and financing institutions, which will reduce the pressure on these projects and increase the chances of their success and importance in the economy.
- Review of the pricing mechanism of the loan and export credit guarantees to ensure the continuity of the company's role in the national economy.



16. External Auditing Fees

The total amount paid to the “Arab Professionals” as auditing fees in 2011 was **JD 9,280** including a 16% sales tax compared to JD 8,700 in 2010 .

17. Number of Securities issued by JLGC which are owned by any member of its Board of Directors or its Senior Executive Management

No Member of JLGC’s Board of Directors, Senior Executive Management, or any of their relatives own any securities issued by JLGC.

18. The privileges paid to the Chairman & the Board of Directors and to the Senior Executive Management

a. Privileges paid to the Chairman & the Board of Directors

Total amounts paid as transportation & travel allowance and annual bonus to the Chairman & Members of the Board of Directors in 2011 was **JD 42,967** compared to JD 82,633 in 2010.

Name	Bonus	Transportation Allowance	Travel Allowance	Committee Allowance	Total
Mr. M.Said Shahin	0	6,000	0	0	6,000
Dr. Mohammed Al Jafari	0	300	0	0	300
Mr. Faris Abdel Hamid Sharaf	0	2,767	0	0	2,767
Mr. Mo'taz Barbour	0	1,500	0	200	1,700
Social Security Corporation	0	6,000	0	0	6,000
Mr. Abdel Elah Al Hunaiti	0	6,000	0	600	6,600
Mr. Adel Asa'ad	0	6,000	0	800	6,800
Mr. Tawfeek Mukahal	0	6,000	0	600	6,600
Mr. Nεmeh Sabagh	0	4,500	0	0	4,500
Mr. Walid Al Absi	0	1,500	0	200	1,700
Total	0	40,567	0	2,400	42,967

b. Privileges paid to the Senior Executive Management

Total amounts paid as salaries, travel allowance and annual bonus to the senior executive management was JD 312,257 in 2011 compared to JD 270,869 in 2010 .

Name and Title	Salaries	Bonus	Travel Allowance	Committee Allowance	Total
Dr. Mohammed Al Jafari / Director General	45,983	0	3,500	0	49,483
Dr. Jamal Salah / Director General **	86,875	30,488*	875	0	118,238
Mr. Mohannad Al Rashdan / Assistant Director General for Technical & Operational Group	44,468	0	1,000	2,400	47,868
Mr. Faeq Nassar / Assistant Director General for Support & Backing Group	34,768	0	0	0	34,768
Mr. Jamal Al Jafari / Loan Guarantee Department Manager	24,850	0	0	0	24,850
Mr. Hekmat Mohanna / Industrial Finance Department Manager	19,350	0	300	0	19,650
Mr. Zaid Al Kayed / Export Credit Guarantee Department Manager	16,500	0	900	0	17,400
Total	272,794	30,488	6,575	2,400	312,257

* End of Service Bonus

** A consultant to the company from 3/7/2011 to 31/8/2011



19. Donations and Grants

No donations were made during 2011 or 2010 .

20. JLG C's contracts, projects and engagements with its Subsidiaries, Sister Companies or Affiliates

There are no contracts, projects or engagements between JLG C and Subsidiaries, Sister Companies or Affiliates or with the Chairman of the Board of Directors, members of the Board of Directors, the Chief Executive Officer or any employee of JLG C or their relatives.

21. JLG C's Contribution to Environmental Protection and Local Community Service

a. Contribution to Environmental Protection

There are no contribution to environmental protection

b. Local Community Service

All JLG C activities from Loan and Export Credit Guarantees aim in the first place to serve the local community in Jordan.

OPERATIONAL ACTIVITIES





Ceilings And Utilized Amounts

Ceilings and Utilized Amounts for All Loan Guarantee Programmes in 2011 vs. 2010

	As of 31/12/2011 (JD)			As of 31/12/2010 (JD)			Change from Last Year (JD)	
	Ceilings	Utilized	% Utilized	Ceilings	Utilized	% Utilized	Ceilings	Utilized
Ceilings for Productive Loan Guarantees	5,333,700	3,561,892	66.78%	5,019,700	3,122,602	62.21%	314,000	439,290
Ceilings for Housing & Personal Loan Guarantees	42,844,186	35,191,119	82.14%	40,184,000	31,405,298	78.15%	2,660,186	3,785,821
Total Ceilings	48,177,886	38,753,011	80.44%	45,203,700	34,527,900	76.38%	2,974,186	4,225,111

Ceilings as of 31/12/2011 Divided by Bank

Bank	Ceilings for Productive Loan Guarantees			Ceilings for Housing & Personal Loan Guarantees			Total Ceilings		
	Ceilings	Utilized	% Utilized	Ceilings	Utilized	% Utilized	Ceilings	Utilized	% Utilized
Jordan Kuwait Bank	50,000	46,319	92.64%	50,000	43,216	86.43%	100,000	89,535	89.53%
Ahli BankAl	950,000	733,384	77.20%	10,909,000	6,627,129	60.75%	11,859,000	7,360,513	62.07%
Bank of Jordan	250,000	223,109	89.24%	7,000,000	6,358,796	90.84%	7,250,000	6,581,905	90.78%
Housing Bank	1,000,000	1,149,261	114.93%	0	0	0.00%	1,000,000	1,149,261	114.93%
Housing Bank / SME	0	32,522	0.00%	0	0	0.00%	0	32,522	0.00%
Arab Egyptian Land Bank	31,000	0	0.00%	560,000	257,202	45.93%	591,000	257,202	43.52%
Cairo Amman Bank	271,700	279,657	102.93%	19,100,000	18,367,813	96.17%	19,371,700	18,647,470	96.26%
Arab Bank	750,000	185,888	24.79%	65,186	65,186	100.00%	815,186	251,074	30.80%
Commercial Bank	231,000	82,719	35.81%	0	0	0.00%	231,000	82,719	35.81%
Jordan Arab Investment Bank	150,000	0	0.00%	150,000	18,229	12.15%	300,000	18,229	6.08%
Investment & Finance Bank	100,000	0	0.00%	0	0	0.00%	100,000	0	0.00%
ABC	100,000	45,041	45.04%	5,010,000	3,453,548	68.93%	5,110,000	3,498,589	68.47%
Societe General	700,000	357,022	51.00%	0	0	0.00%	700,000	357,022	51.00%
Al Ahlyeh Small Financing Company	750,000	426,970	56.93%	0	0	0.00%	750,000	426,970	56.93%
Total	5,333,700	3,561,892	66.78%	42,844,186	35,191,119	82.14%	48,177,886	38,753,011	80.44%

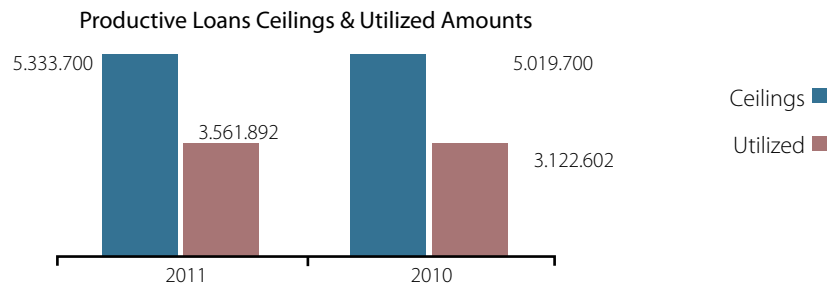


Ceilings and Utilized Amounts for Productive Loan Guarantee Programmes in 2011 vs. 2010

	As of 31/12/2011 (JD)			As of 31/12/2010 (JD)			Change from Last Year (JD)	
	Ceilings	Utilized	% Utilized	Ceilings	Utilized	% Utilized	Ceilings	Utilized
Ceilings for SME* Loan Guarantees	5,312,000	3,561,892	67.05%	4,998,000	3,122,602	62.48%	314,000	439,290
Ceilings for Car Loan Guarantees	21,700	0	0.00%	21,700	0	0.00%	0	0
Total Ceilings	5,333,700	3,561,892	66.78%	5,019,700	3,122,602	62.21%	314,000	439,290

*SME Loans includes Micro Loans

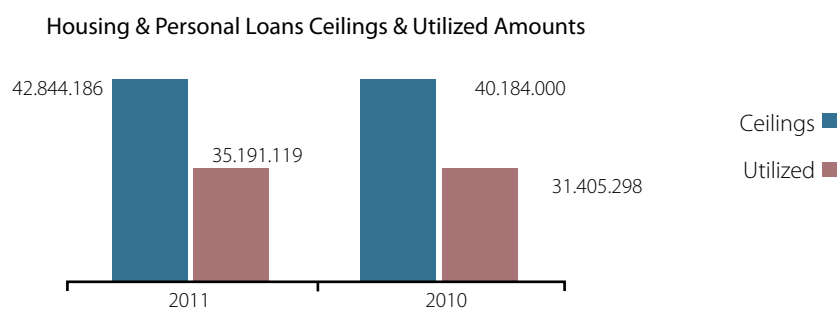
Note : EJADA Industrial Finance and Leasing Programmes have no ceilings



Ceilings and Utilized Amounts for Housing & Personal Loan Guarantee Programmes in 2011 vs. 2010

	As of 31/12/2011 (JD)			As of 31/12/2010 (JD)			Change from Last Year (JD)	
	Ceilings	Utilized	% Utilized	Ceilings	Utilized	% Utilized	Ceilings	Utilized
Ceilings for Housing Loan Guarantees**	42,844,186	35,093,267	81.91%	40,184,000	31,279,188	77.84%	2,660,186	3,814,079
Ceilings for Land Purchase Loan Guarantees	0	2,323	-	0	107,894	-	0	-105,571
Ceilings for Computer Loan Guarantees	0	95,529	-	0	18,216	-	0	77,313
Total Ceilings	42,844,186	35,191,119	82.14%	40,184,000	31,405,298	78.15%	2,660,186	3,785,821

**Housing Loans includes Urban Development Loans



ALL LOAN GUARANTEE PROGRAMMES

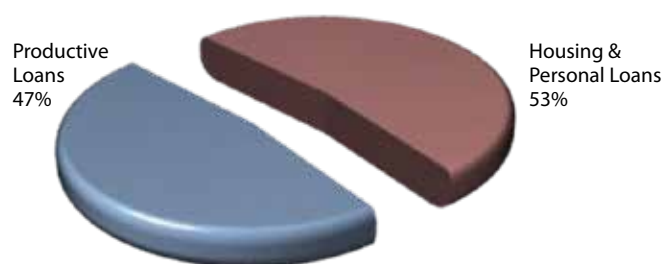
Executed Loan Guarantees

Loan Guarantees Executed During 2011 Vs. 2010

Programme	2011		2010		Change	
	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)
Productive Loans (Incl. EJADA)	447	8,105,941	804	6,534,650	-357	1,571,291
Housing & Personal Loans	349	8,968,294	132	3,605,164	217	5,363,130
Total	796	17,074,235	936	10,139,814	-140	6,934,421

Loan Guarantees Executed During 2011 Divided By Bank

Bank	Productive Loan Guarantees		Housing & Personal Loan Guarantees		Total Executed Loan Guarantees	
	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)
Al Ahli Bank	38	1,548,897			38	1,548,897
Bank of Jordan	22	1,084,764	31	853,877	53	1,938,641
Housing Bank	89	1,187,730			89	1,187,730
Housing Bank / SME	2	23,800			2	23,800
Cairo Amman Bank	35	1,198,634	266	6,159,224	301	7,357,858
Arab Bank	9	395,500			9	395,500
ABC	2	220,505	52	1,955,193	54	2,175,698
Union Bank	5	775,200			5	775,200
Societe General	3	123,201			3	123,201
Al Ahlyeh Small Financing Company	232	630,185			232	630,185
Al Ahli Leasing Company	7	642,426			7	642,426
Tamkeen Leasing Company	3	275,100			3	275,100
Total	447	8,105,941	349	8,968,294	796	17,074,235



Loan Guarantees Executed During 2011

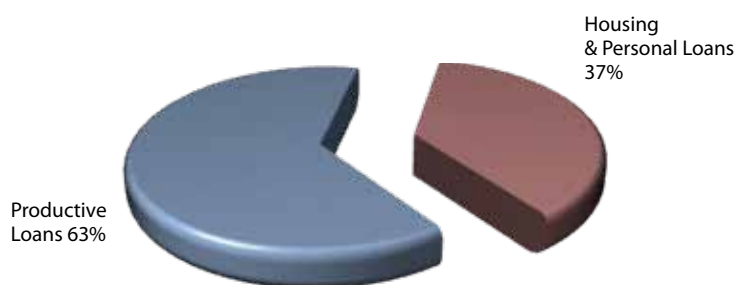
Loan Guarantees under Execution

Loan Guarantees Under Executed During 2011 Vs. 2010

Programme	2011		2010		Change	
	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)
Productive Loans (Incl. EJADA)	69	3,932,189	44	2,028,825	25	1,903,364
Housing & Personal Loans	71	2,295,139	98	2,708,500	-27	-413,361
Total	140	6,227,328	142	4,737,325	-2	1,490,003

Loan Guarantees Under Execution During 2011 Divided By Bank

Bank	Productive Loan Guarantees		Housing & Personal Loan Guarantees		Total Executed Loan Guarantees	
	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)
Al Ahli Bank	2	157,500			2	1,157,500
Bank of Jordan	7	376,500	1	18,750	8	395,250
Housing Bank	10	752,948	34	985,523	44	1,738,471
Housing Bank / SME	8	262,500			8	262,500
Cairo Amman Bank	21	309,400			21	309,400
Arab Bank	6	186,200	22	748,516	28	934,716
ABC	2	65,100			2	65,100
Union Bank	1	280,000			1	280,000
Societe General	1	198,800	14	542,350	15	741,150
Al Ahlyeh Small Financing Company	3	363,001			3	363,001
Al Ahli Leasing Company	1	10,500			1	10,500
Al Ahli Leasing Company	3	378,400			3	378,400
Tamkeen Leasing Company	4	591,340			4	591,340
Total	69	3,932,189	71	2,295,139	140	6,227,328



Loan Guarantees Under Execution in 2011

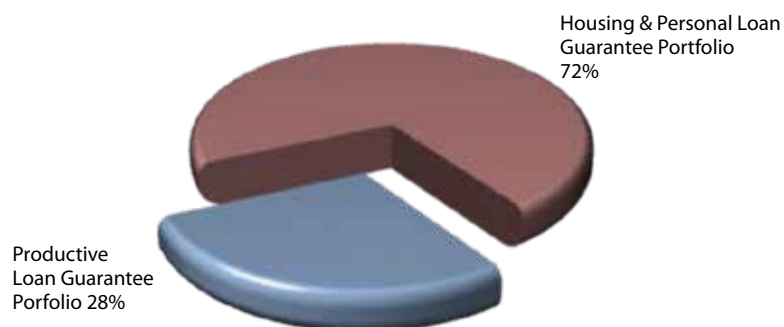
Outstanding Loan Guarantees Portfolio

Outstanding Portfolio Of Loan Guarantees At The End Of 2011 Vs. 2010

Programme	2011		2010		Change	
	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)
Productive Loans (Incl. EJADA)	819	14,009,427	1090	12,403,876	-271	1,605,551
Housing & Personal Loans	2244	35,191,118	2224	31,395,114	20	3,796,004
Total	3063	49,200,545	3314	43,798,990	-251	5,401,555

Outstanding Loan Guarantees Portfolio At The End Of 2011 Divided By Bank

Bank	Productive Loan Guarantees		Housing & Personal Loan Guarantees		Total Loan Guarantees Portfolio	
	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)
Jordan Kuwait Bank	6	131,348	10	43,216	16	174,564
Al Ahli Bank	84	2,514,388	403	6,627,129	487	9,141,517
Bank of Jordan	35	1,947,994	445	6,358,796	480	8,306,790
Housing Bank	104	1,556,028			104	1,556,028
Housing Bank / SME	3	32,522			3	32,522
Arab Egyptian Land Bank			50	257,202	50	257,202
Cairo Amman Bank	51	1,100,373	1,189	18,367,813	1,240	19,468,186
Arab Bank	17	677,737	13	65,186	30	742,923
Jordan Commercial Bank	17	324,109			17	324,109
Jordan Arab Investment Bank			1	18,229	1	18,229
ABC	9	386,212	133	3,453,547	142	3,839,759
Union Bank	3	340,480			3	340,480
Societe General	45	656,452			45	656,452
Al Ahliyah Small Financing Company	406	426,970			406	426,970
Arab Leasing Company	2	166,577			2	166,577
Al Ahli Leasing Company	34	3,465,207			34	3,465,207
Tamkeen Leasing Company	3	283,031			3	283,031
Total	819	14,009,427	2,244	35,191,118	3,063	49,200,545



Outstanding Loan Guarantees Portfolio at the end of 2011



PRODUCTIVE LOAN GUARANTEES

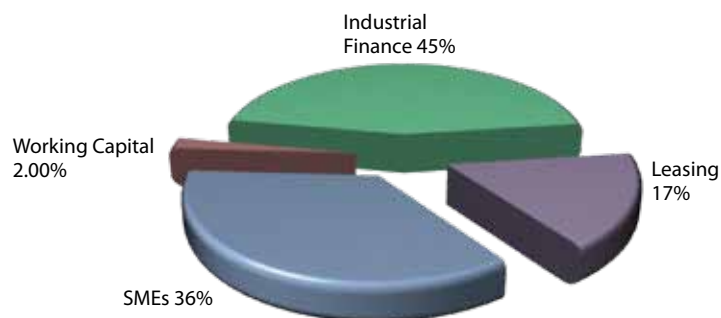
These programmes include SMEs, Micro Finance, and Car Loans, in addition to Exporter's Working Capital Loans and the EJADA programmes for Industrial Finance & Leasing Loans.

Following are the numbers & amounts of loans executed & under execution during the year 2010, and the outstanding guaranteed portfolio for these productive loans programmes at year's end, divided according to programme.

Productive Loan Guarantees Executed during 2011 vs. 2010

Programme	2011		2010		Change	
	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)
SMEs Loan Guarantee Programmes*	393	2,910,942	774	2,633,601	-381	277,341
Working Capital Loan Guarantee Programme	1	161,955	1	161,955	0	0
Industrial Finance Loan Guarantee Programme (EJADA)	33	3,647,155	15	1,692,250	18	1,954,905
Leasing Loan Guarantee Programme (EJADA)	20	1,385,889	14	2,046,844	6	-660,955
Total	447	8,105,941	804	6,534,650	-357	1,571,291

* Including Car Loans & Micro Finance Loans

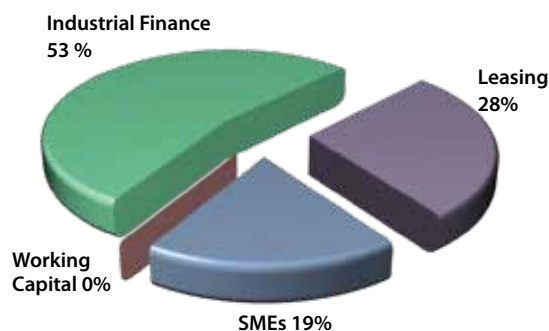


Productive Loan Guarantees Executed in 2011

Productive Loan Guarantees under Execution during 2011 vs. 2010

Programme	2011		2010		Change	
	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)
SMEs Loan Guarantee Programmes*	45	737,703	30	285,667	15	452,036
Working Capital Loan Guarantee Programme	0	0	0	0	0	0
Industrial Finance Loan Guarantee Programme (EJADA)	14	2,105,300	6	918,400	8	1,186,900
Leasing Loan Guarantee Programme (EJADA)	10	1,089,186	8	824,758	2	264,428
Total	69	3,932,189	44	2,028,825	25	1,903,364

* Including Car Loans & Micro Finance Loans

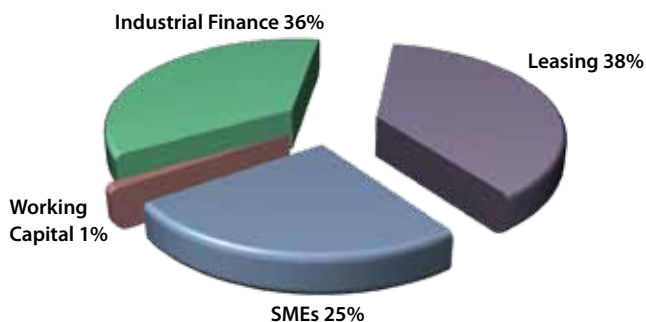


Productive Loan Guarantees under Execution during 2011

Outstanding Productive Loan Guarantees Portfolio at the end of 2011 vs. 2010

Programme	2011		2010		Change	
	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)
SMEs Loan Guarantee Programmes*	690	3,561,892	991	3,122,603	-301	439,289
Working Capital Loan Guarantee Programme	1	161,955	1	161,955	0	0
Industrial Finance Loan Guarantee Programme (EJADA)	71	4,996,215	55	4,026,239	16	969,976
Leasing Loan Guarantee Programme (EJADA)	57	5,289,365	43	5,093,079	14	196,286
Total	819	14,009,427	1090	12,403,876	-271	1,605,551

* Including Car Loans & Micro Finance Loans



Outstanding Productive Loan Guarantees Portfolio at the end of 2011



HOUSING & PERSONAL LOAN GUARANTEES

These programmes include Housing Loans, Rural Development Loans, and Land Purchase Loans, in addition to Computer Loans.

Following are the numbers & amounts of loans executed & under execution during the year 2010, and the outstanding guaranteed portfolio for these Personal Loans at year's end divided according to programme.

Housing & Personal Loan Guarantees Executed in 2011 vs. 2010

Programme	2011		2010		Change	
	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)
Housing Loan Guarantee Programme*	348	8,950,794	132	3,605,164	216	5,345,630
Land Purchase Loan Guarantee Programme	1	17,500	0	0	1	17,500
Computers Loan Guarantee Programme	0	0	0	0	0	0
Total	349	8,968,294	132	3,605,164	217	5,363,130

Housing & Personal Loan Guarantees under Execution in 2011 vs. 2010

Programme	2011		2010		Change	
	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)
Housing Loan Guarantee Programme*	70	2,260,139	98	2,708,500	-28	-448,361
Land Purchase Loan Guarantee Programme	1	35,000	0	0	1	35,000
Computers Loan Guarantee Programme	0	0	0	0	0	0
Total	71	2,295,139	98	2,708,500	-27	-413,361

Outstanding Housing & Personal Loan Guarantees Portfolio at the end of 2011 vs. 2010

Programme	2011		2010		Change	
	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)	Number	Guaranteed Value (JD)
Housing Loan Guarantee Programme*	2218	35,093,266	2095	31,269,004	123	3,824,262
Land Purchase Loan Guarantee Programme	8	95,529	8	107,894	0	-12,365
Computers Loan Guarantee Programme	18	2,323	121	18,216	-103	-15,893
Total	2244	35,191,118	2224	31,395,114	20	3,796,004

* Includes Urban Development Loans

EXPORT & DOMESTIC CREDIT GUARANTEE PROGRAMMES

Contracts Signed During 2011 Vs. 2010

Programme	Number of Contracts		Value of Contracts (JD)	
	2011	2010	2011	2010
Export Credit Guarantees	21	21	140,000,000	131,250,000
Domestic Credit Guarantees	3	4	24,402,700	22,081,000
TOTAL CREDIT GUARANTEES	24	25	164,402,000	153,331,000

Guaranteed Export Shipments & Local Sales During 2011 Vs. 2010

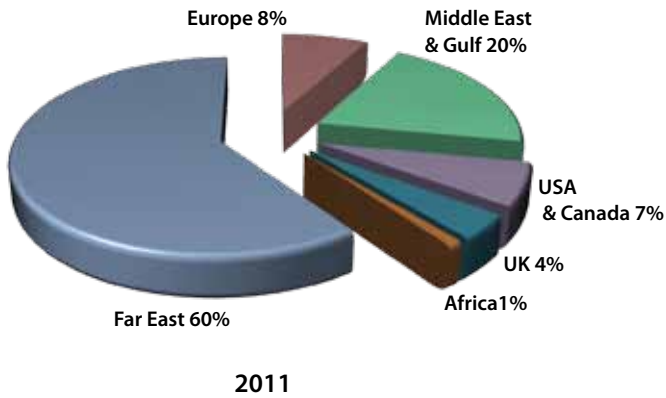
Programme	Number of Shipments		Value of Shipments (JD)		Guaranteed Value (JD)	
	2011	2010	2011	2010	2011	2010
Export Credit Guarantees	1151	940	113,156,953	61,000,417	110,892,715	58,703,384
Domestic Credit Guarantees	139	168	6,981,900	6,851,039	6,844,045	6,714,143
TOTAL CREDIT GUARANTEES	1290	1108	120,144,853	67,851,456	117,736,760	65,417,527

Outstanding export shipments & local sales at the end Of 2011 vs. 2010

Programme	Number of Shipments		Value of Shipments (JD)		Guaranteed Value (JD)	
	2011	2010	2011	2010	2011	2010
Export Credit Guarantees	339	199	2,759,867	7,286,705	2,641,130	6,558,034
Domestic Credit Guarantees	55	56	439,692	1,896,766	408,521	1,707,090
TOTAL CREDIT GUARANTEES	394	255	3,199,559	9,183,471	3,049,651	8,265,124



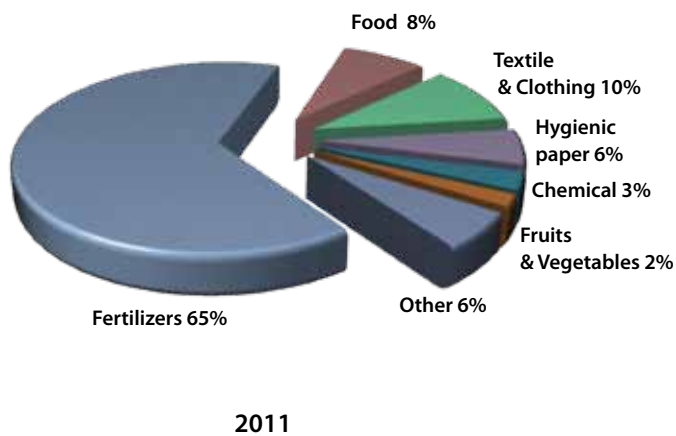
Graphical Distribution Of Guaranteed Exports



GRAPHICAL DISTRIBUTION OF GUARANTEED SHIPMENT in 2011 vs. 2010

Area	2011	2010
Far East	60%	58%
Europe	8%	8%
Middle East & Gulf	20%	18%
USA & Canada	7%	9%
UK	4%	5%
Africa	1%	2%
Total	100%	100%

Sectorial Distribution Of Guaranteed Exports



Sectorial DISTRIBUTION OF GUARANTEED SHIPMENT in 2011 vs. 2010

Sector	2011	2010
Fertilizers	65%	69%
Food	8%	10%
Textile & Clothing	10%	8%
Hygienic paper	6%	6%
Chemical	3%	2%
Fruits & Vegetables	2%	2%
Others	6%	3%
Total	100%	100%

CLAIMS

Loan Guarantee Claims During 2011 Vs. 2010

Programme	Number of Claims			Amount of Claims (JD)		
	2011	2010	Change	2011	2010	Change
SMEs Productive Loan Guarantee Programme	7	1	600%	223,578	8,014	2690%
Micro Loan Guarantee Programme	7	0	-	8,751	0	-
Housing & Personal Loan Guarantee Programme	40	5	700%	695,797	157,100	343%
Computers Loan Guarantee Programme	86	0	-	9,014	0	-
Industrial Loan Guarantee Programme (EJADA)	3	1	200%	113,735	319,310	-64%
Leasing Loan Guarantee Programme (EJADA)	1	1	0%	299,943	210,000	43%
Total	144	8	1700%	1,350,818	694,424	94.5%

Export & Domestic Credit Guarantee Claims During 2011 Vs. 2010

Number of Claims			Amount of Claims (JD)		
2011	2010	Change	2011	2010	Change
-	-	-	-	-	-

Paid Indemnifications

LOAN GUARANTEE INDEMNIFICATIONS PAID DURING 2011 vs. 2010

Programme	Number Paid Indemnifications			Amount of Paid Indemnifications (JD)		
	2011	2010	Change	2011	2010	Change
SMEs Productive Loan Guarantee Programme	5	0	-	150,119	0	-
Micro Loan Guarantee Programme	7	0	-	5,916	0	-
Housing & Personal Loan Guarantee Programme	19	4	375%	403,226	95,718	321%
Computers Loan Guarantee Programme	87	0	-	7,318	0	-
Industrial Loan Guarantee Programme (EJADA)	3	0	-	321,693	0	-
Leasing Loan Guarantee Programme (EJADA)	1	0	-	172,193	0	-
Total	122	4	2950%	1,060,465	95,718	1008%

Export & Domestic Credit Guarantee Indemnifications Paid During 2011 Vs. 2010

Number of Indemnifications			Amount of Indemnifications (JD)		
2011	2010	Change	2011	2010	Change
-	4	-4	-	99,195	-99,195



Amount of Indemnifications (JD)		
Share of Indemnifications	2011	2010
Company Share	-	20,233
Re-Insurer Share	-	78,962
Total Indemnifications	-	99,195

Geographical Distribution Of Export Indemnifications During 2011

Area	Number of Indemnifications		Amount of Indemnifications (JD)	
	2011	2010	2011	2010
Middle East & Gulf	-	3	-	95,247
UK	-	1	-	3,948
Total	-	4	-	99,195

RECOVERIES

Loan Guarantee Recoveries During 2011 Vs. 2010

Programme	Number of Recoveries			Amount of Recoveries (JD)		
	2011	2010	Change	2011	2010	Change
SMEs Productive Loan Guarantee Programme	9	8	12.5%	19,235	70,279	-73%
Micro Loan Guarantee Programme	3	0	-	378	0	-
Housing & Personal Loan Guarantee Programme	11	5	120%	163,447	51,380	218%
Computers Loan Guarantee Programme	0	0	-	0	0	-
Industrial Loan Guarantee Programme (EJADA)	2	0	-	14,000	0	-
Leasing Loan Guarantee Programme (EJADA)	1	0	-	77,062	0	-
Total	26	13	100%	274,122	121,659	43%

Export & Domestic Credit Guarantee Recoveries During 2011 Vs. 2010

Number of Recoveries			Amount of Recoveries (JD)		
2011	2010	Change	2011	2010	Change
-	-	-	-	-	-

RE-SCHEDULING

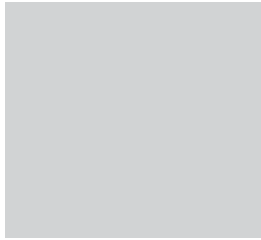
Guaranteed Loans Re_scheduled During 2011 Vs. 2010

Programme	Number of Re-Scheduled Loans			Amount of Re-Scheduled Loans (JD)		
	2011	2010	Change	2011	2010	Change
SMEs Productive Loan Guarantee Programme	17	28	-39%	187,740	514,832	-63.53%
Housing & Personal Loan Guarantee Programme	35	40	-121.5%	901,358	1,432,591	-37.08%
Industrial Loan Guarantee Programme (EJADA)	5	7	-28.57%	1,156,448	1,208,482	-4.31%
Leasing Loan Guarantee Programme (EJADA)	3	8	-62.5%	746,231	2,060,065	-63.78%
Total	60	83	-27.71%	2,991,777	5,215,970	-42.64%

DELAYED PAYMENTS ANALYSIS OF GUARANTEED LOANS at the end of 2011

ALL LOANS Payment delays						
Debt Delay Rating	Delay	Payments Overdue (JD)	Guaranteed Balance (JD)	Payments Overdue/ of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio	Guaranteed Balance / Total Guaranteed Portfolio Historically
Early Warning	60-89 Days	215,917	1,748,382	0.31%	3.58%	1.04%
Below Average	90-179 Days	370,496	913,359	0.53%	1.87%	0.54%
Doubtful	180-359 Days	354,299	327,913	0.50%	0.67%	0.19%
Bad	Over 360 Days	931,581	763,841	0.55%	1.57%	0.45%
Balance of Outstanding Loans =		70,176,618				
Outstanding Guaranteed Portfolio =		48,773,496				
Total Guaranteed Portfolio Historically = 168,756,853						

SME & PRODUCTIVE LOANS Payment delays						
Debt Delay Rating	Delay	Payments Overdue (JD)	Guaranteed Balance (JD)	Payments Overdue/ of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio	Guaranteed Balance / Total Guaranteed Portfolio Historically
Early Warning	60-89 Days	19,549	136,082	0.39%	3.86%	0.45%
Below Average	90-179 Days	70,809	90,278	1.42%	2.56%	0.30%
Doubtful	180-359 Days	116,899	114,534	2.34%	3.25%	0.38%
Bad	Over 360 Days	263,449	233,584	0.88%	6.63%	0.78%
Balance of Outstanding Loans =		4,985,283				
Outstanding Guaranteed Portfolio =		3,523,785				
Total Guaranteed Portfolio Historically = 30,071,292						



HOUSING & PERSONAL LOANS Payment delays						
Debt Delay Rating	Delay	Payments Overdue (JD)	Guaranteed Balance (JD)	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio	Guaranteed Balance / Total Guaranteed Portfolio Historically
Early Warning	60-89 Days	146,930	1,376,735	0.31%	3.94%	1.25%
Below Average	90-179 Days	211,178	462,436	0.44%	1.32%	0.42%
Doubtful	180-359 Days	135,375	126,530	0.28%	0.36%	0.12%
Bad	Over 360 Days	413,132	246,109	0.38%	0.70%	0.22%
Balance of Outstanding Loans =		47,867,493				
Outstanding Guaranteed Portfolio =		34,964,131				
Total Guaranteed Portfolio Historically = 109,717,125						

EJADA LOANS Payment delays						
Debt Delay Rating	Delay	Payments Overdue (JD)	Guaranteed Balance (JD)	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio	Guaranteed Balance / Total Guaranteed Portfolio Historically
Early Warning	60-89 Days	49,438	235,565	0.29%	2.29%	0.81%
Below Average	90-179 Days	88,509	360,645	0.51%	3.51%	1.24%
Doubtful	180-359 Days	102,025	86,849	0.59%	0.84%	0.30%
Bad	Over 360 Days	255,000	284,148	0.88%	2.76%	0.98%
Balance of Outstanding Loans =		17,323,842				
Outstanding Guaranteed Portfolio =		10,285,580				
Total Guaranteed Portfolio Historically = 28,968,436						

FINANCIAL ACTIVITIES





FINANCIAL ACTIVITIES

Revenues

Operational Revenues in 2011 vs. 2010			
Revenue	JD		
	2011	2010	Change
Housing Loan Guarantee Fees	295,449	286,152	9,297
Productive Loan Guarantee Fees	67,784	77,629	-9,845
Working Capital Loan Guarantee Fees	0	5,137	-5,137
Industrial Finance & Leasing Loan Guarantee Fees	85,261	76,631	8,630
Export & Domestic Credit Guarantee Fees	192,363	140,843	51,520
Total Operational Revenues	640,857	586,392	54,465

Realized Financial Revenues in 2011 vs. 2010			
Revenue	JD		
	2011	2010	Change
Interest on Bank Deposits	415,678	389,464	26,214
Interest on Debentures	13,967	69,600	-55,633
Returns from Investment in Shares	48,000	79,423	-31,423
Interest from Investment in Bonds	88,298	0	88,298
Gain from Sale of Financial Assets	0	122,205	-122,205
Total Realized Financial Revenue	565,943	660,692	-94,749

Total Realized Revenues in 2011 vs. 2010			
Revenue	JD		
	2011	2010	Change
Operational Revenues	640,857	586,392	54,465
Realized Financial Revenues	565,943	660,692	-94,749
Un-needed Provisions	0	594,759	-594,759
Other Revenues	13,815	2,943	10,872
Total Realized Revenue	1,220,615	1,844,786	-624,171

Un-Realized Financial Revenues in 2011 vs. 2010			
Revenue	JD		
	2011	2010	Change
Financial assets measured at fair value through profit or loss revaluation	-47,115	5,296	52,411
Total Un-Realized Financial Revenue	-47,115	5,296	52,411



Expenses & Profits

General & Administrative Expenses in 2011 vs. 2010

Expense	JD		
	2011	2010	Change
Salaries and wages	553,780	525,205	28,575
JLGC's contribution in saving fund	48,819	46,837	1,982
JLGC's contribution in social security	50,315	43,548	6,767
Medical and insurance expenses	49,473	39,305	10,168
Employees bonus	0	21,030	-21,030
Board of Directors' transportation	45,367	47,061	-1,694
Rent	747	119,951	-119,204
Depreciation	57,033	95,562	-38,529
Obligations against terminated contracts	0	50,000	-50,000
Maintenance	7,511	5,375	2,136
Vehicle expenses	12,024	9,844	2,180
Marketing expenses	13,545	11,295	2,250
Professional fees	16,578	16,348	230
Official duties and training courses	21,987	23,985	-1,998
Stationary and printing	9,979	9,846	133
Subscriptions	28,656	29,772	-1,116
Post, telephone, electricity, & water	31,681	31,297	384
Other expenses	11,599	13,972	-2,373
Total General and Administrative Expenses	959,094	1,140,233	-181,139

GROSS PROFIT IN 2011 vs. 2010

Gross Profit	JD		
	2011	2010	Change
Total Revenues	1,173,500	1,850,082	-676,582
(less) General and Administrative Expenses	959,094	1,140,233	-181,139
Gross Profit / Loss	214,406	709,849	-495,443

Important Activities and Regional & International Meetings

COFACE Annual Conference

The French Company (COFACE) held the annual Credit Alliance conference in Paris - France during the period January 17 to 18, 2011 to discuss matters of concern to credit guarantee companies around the world. The conference was attended by H.E. Dr. Jamal Salah, former director of the Jordan Loan Guarantee Corporation who was briefed on the latest developments in credit guarantee industry around the world.

Political Risk Conference

COFACE organized an Export Political Risk Conference held in France on the 19th of January 2011. Types of risks faced by exporters were discussed during the conference meetings including the political risks of wars and revolutions.

These risks might lead to a lack of commitment by the importers to pay the value of the imported goods, in addition to the disruption of the payment systems in such countries. Other disruptions might be the sudden decline of the exchange rates of the currency of the importer's country or the cancelation of the currency acceptance all together.

Former Director General Dr. Jamal Salah attended the conference on behalf of Jordan Loan Guarantee Corporation.

OECD Conference

The Organization for Economic Co-operation and Development (OECD) held a conference in Morocco during the period of 19th-25th February 2011, to emphasize the role of good governance in companies and institutions.

Mr. Mohannad Al Rashdan, Assistant Director General for Technical Affairs and Operations, attended the conference on behalf of the company.

The foundations of good governance and the latest developments relating to the application of these principles in various companies and organizations and its importance in activating the role of the administration, was discussed during the meeting.



Aman Union 2nd Meeting

Dr. Mohammed al-Jafari, Director General of the Jordan Loan Guarantee Corporation, attended the second "Aman Union" meeting, held in Istanbul – Turkey during the period of 4th-5th October 2011. The meeting discussed developments of export credit guarantees and international standards of Export Credit Guarantee Organizations around the world.

Members discussed the individuality of their Export Credit Guarantee Schemes particularly with regard to guaranteeing export to areas of unrest and conflicts in the Arab countries.

During the second day, the Union's General Assembly meeting was held, as well as a report on the Union's database project was presented.

It is worth mentioning that the Aman Union includes Export Credit Guarantee Institutions in the Arab and Islamic states and is similar to the Berne Union in England which includes export guarantee institutions in developed countries.

Credit Alliance Meeting

The Credit Alliance meeting was held in Istanbul - Turkey on 6 October 2011, and was attended on behalf of the Jordan Loan Guarantee Corporation by the Director General Dr. Mohammed al-Jafari accompanied with Mr. Zaid al-Kayed Head of the Export Credit Guarantee Department.

During the meeting, a comprehensive assessment of the country risks of the Middle East and North Africa and the performance of export credit guarantee institutions in the region under the current circumstances resulting from the events of the Arab spring.

The Jordan Loan Guarantee Corporation represented Jordan in the meeting which was attended by many credit guarantee institutions in many countries, including France, Cyprus, Turkey, Tunisia, Algeria, Kuwait, Saudi Arabia, among others.

Autumn 2011 meeting of the Prague Club

The Fall 2011 meeting of the Prague Club was hosted by the Export Credit Guarantee Agency of Oman in Muscat - Sultanate of Oman during the period of 13th to 16th November, 2011.

In addition to the General Secretariat of the Berne Union, export credit agencies of more than 37 countries attended the meeting including Jordan represented by the Jordan Loan Guarantee Corporation.

As usual in the semi-annual meetings of the Prague Club, the latest developments in the Export Credit Guarantee industry were presented and discussed by the member countries.

In recent years, the Prague Club meetings and workshops organized by the General Secretariat of the Berne Union, have contributed greatly in determining sound professional credit insurance principles, and helped maintain discipline in the field of international trade. It also allowed exporters to not only expand their sales to their current customers, but also to explore new buyers in non-conventional markets around the world, and made aware how credit insurance cover work to mitigate credit risk. The existing global turmoil, including the Arab spring in the Middle East, as well as the impact of the European sovereign debt crisis, increased the demand for credit insurance cover provided by export credit agencies in many countries, including members of the Prague Club.

Meeting was attended by the Director General, Dr. Mohammed al-Jafari, and Assistant Director General for Technical Affairs and Operations, Mr. Mohannad al-Rashdan and Head of the Export Credit Guarantee Department, Mr. Zaid Kayed.

Euro-Mediterranean Loan Guarantee Initiative Meeting

Dr. Mohammed al-Jafari Director General of the Jordan Loan Guarantee Corporation, attended a meeting to set up the Euro-Mediterranean Loan Guarantee Initiative, held in Barcelona - Spain on 1-2 December 2011.

This meeting is the first step to construct a roadmap for the establishment of a joint action and aims to promote the role of the loan guarantee mechanism to facilitate the financing of small and medium enterprises in the countries of the Mediterranean basin.

The first step will be identifying the strengths and weaknesses of existing Loan Guarantee schemes in the region by the exchange of best practices, and then establish a uniform loan guarantee system by the European Union and other donors to operate parallel to these existing schemes and be supportive to them.

Disclosure of the extent of applying the guidelines of the Guide on Corporate Governance of listed companies in the Amman Stock Exchange

The Jordan Loan Guarantee Corporation abides by all rules and items of the Corporate Governance Guidelines, except:

• **Item 1:**

Rule: "The Board of Directors prepare an internal mandate which is reviewed on an annual basis, in which the functions, powers, and responsibilities of the Board are stated in detail."

This item is applied in part and the reason is:

There is an internal system, in which the functions, powers, and responsibilities of the Chairman and members of the Board of Directors are stated clearly, and it is updated whenever the need arises. The company complies as well with the Jordanian Companies Act and the instructions of the Jordan Securities Commission in this regard.



Representation

1. The Board of Directors of the Jordan Loan Guarantee Corporation declares to the best of their knowledge that no material issues might influence the continuity of the Corporation during the upcoming fiscal year.

Chairman of the Board
Dr. Maher "Sheikh Hasan"

Deputy Chairman
Dr. Moh'd Al Jafari

Member

Member

Adel Assad

2. The Board of Directors of the Jordan Loan Guarantee Corporation declares its responsibility for preparing the financial statements and having an effective control & auditing system.

Chairman of the Board
Dr. Maher "Sheikh Hasan"

Deputy Chairman
Dr. Moh'd Al Jafari

Member

Member

Adel Assad

3. We the under signed declare that all Financial Statements and Information within this report is correct

Chairman of the Board
Dr. Maher "Sheikh Hasan"

Deputy Chairman
Dr. Moh'd Al Jafari

Assistant Director General for
Support & Backing Group
Mr. Faeq Nassar

Financial Statements as at 31 December 2011 Together With Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To The Shareholders of Jordan Loan .Guarantee Corp Amman - Jordan

We have audited the accompanying financial statements of Jordan Loan Guarantee Corp., which comprise the statement of financial position as at 31 December 2011, the statement of income, 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 notes.

Management's Responsibility 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 presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jordan Loan Guarantee Corp. as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on the Legal and Regulatory Requirements

The Company maintains proper accounting records and the accompanying financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report.

Amman – Jordan
13 February 2012

Arab Professionals

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Statement of financial position

as of 31 December 2011

(In Jordanian Dinar)

Assets	Note	2011	2010
Cash and cash equivalents	5	7,026,381	10,604,975
Restricted bank deposits	16	4,501,896	6,263,844
Restricted financial assets measured at amortized cost	16	1,677,963	-
Financial assets measured at fair value through profit or loss	6	195,415	-
Trading financial assets	7	-	1,194,187
Financial assets measured at fair value through other comprehensive income	8	604,006	-
Available for sale financial assets	9	-	606,940
Financial assets measured at amortized cost	10	4,027,945	-
Held to maturity financial assets	11	-	334,640
Receivables and other current assets	12	401,373	304,084
Deferred tax assets	13	303,405	305,429
Property and equipment	14	3,243,359	3,295,945
Total assets		21,981,743	22,910,044
Liabilities and equity			
Liabilities			
Provisions against loans guarantee	15	2,449,845	2,738,045
Central Bank of Jordan loan	16	5,160,695	5,160,695
Payables and other current liabilities	17	329,590	369,503
Income tax provision	13	30,155	65,757
Total liabilities		7,970,285	8,334,000
Equity			
	18		
Paid in capital		10,000,000	10,000,000
Statutory reserve		1,314,708	1,314,708
Voluntary reserve		2,204,824	2,204,824
Fair value adjustments		45,519	48,263
Retained earnings		446,407	1,008,249
Total equity		14,011,458	14,576,044
Total liabilities and equity		21,981,743	22,910,044

«The attached notes from (1) to (27) form an integral part of these financial statements»

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Statement of income

for the year ended 31 December 2011

(In Jordanian Dinar)

Revenues	Note	2011	2010
Interest income		415,678	389,464
Commissions on guaranteed loans		363,233	363,781
Commissions on guaranteed exports and domestic buyers		192,363	140,843
Commissions on guaranteed industrial loans and financial leasing		85,261	81,768
Unneeded provisions		-	594,759
Profit from sale of financial assets		-	122,205
Financial assets measured at fair value through profit or loss revaluation		(47,115)	-
Trading financial assets revaluation		-	5,296
Bonds interest income		102,265	69,600
Dividends income		48,000	79,423
Other revenues		13,815	2,943
Total revenues		1,173,500	1,850,082
Expenses			
Administrative expenses	19	959,094	1,140,233
Special provision	15	168,542	-
Impairment of financial assets measured at amortized cost		289,547	-
Provision against end of service indemnity		16,634	11,292
Fees and other expenses		-	6,986
Total expenses		1,433,817	1,158,511
(Loss) profit for the year before income tax		(260,317)	691,571
Income tax expense	13	(2,124)	(374,552)
(Loss) profit for the year		(262,441)	317,019
Basic and diluted earnings per share	20	(0.026)	0.032

"The attached notes from (1) to (27) form an integral part of these financial statements"

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Statement of comprehensive income

for the year ended 31 December 2011

(In Jordanian Dinar)

	2011	2010
(Loss) profit for the year	(262,441)	317,019
Other comprehensive income		
Change in fair value of financial assets through other comprehensive income	(2,145)	-
Change in fair value of available for sale financial assets	-	(118,812)
Total comprehensive income for the year	(264,586)	198,207

"The attached notes from (1) to (27) form an integral part of these financial statements"

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Statement of changes in equity

for the year ended 31 December 2011

(In Jordanian Dinar)

	Paid in capital	Reserves		Fair value adjustments	Retained earnings	Total
		Statutory	Voluntary			
Balance at 1 January 2011	10,000,000	1,314,708	2,204,824	48,263	1,008,249	14,576,044
Dividends paid	-	-	-	-	(300,000)	(300,000)
Comprehensive income for the year	-	-	-	(2,145)	(262,441)	(264,586)
Sale of financial assets measured at fair value through other comprehensive income	-	-	-	(599)	599	-
Balance at 31 December 2011	10,000,000	1,314,708	2,204,824	45,519	446,407	14,011,458
Balance at 1 January 2010	10,000,000	1,244,852	2,065,112	167,075	1,300,798	14,777,837
Dividends paid	-	-	-	-	(400,000)	(400,000)
Comprehensive income for the year	-	-	-	(118,812)	317,019	198,207
Reserves	-	69,856	139,712	-	(209,568)	-
Balance at 31 December 2010	10,000,000	1,314,708	2,204,824	48,263	1,008,249	14,576,044

- Retained earnings of the Company as at 31 December 2011 do not include unrealized gains related to financial assets measured at fair value through profit or loss.

"The attached notes from (1) to (27) form an integral part of these financial statements"

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Statement of cash flows

for the year ended 31 December 2011

(In Jordanian Dinar)

	2011	2010
Operating Activities		
(Loss) profit for the year before income taxes	(260,317)	691,571
Depreciation	57,033	95,562
Financial assets measured at fair value through profit or loss revaluation	47,115	-
Trading financial assets revaluation	-	(5,296)
Gain from sale of available for sale financial assets	-	(105,392)
Provision against end of service indemnity	16,634	11,292
Impairment of financial assets measured at amortized cost	289,547	-
Provisions against loans guarantee	498,404	(367,102)
Change in working capital		
Receivables and other current assets	(109,096)	(20,911)
Payables and other current liabilities	(56,547)	(24,036)
Financial assets measured at fair value through profit or loss	951,657	-
Trading financial assets	-	1,019,860
Net payments for loans guarantee	(786,604)	13,928
Income taxes paid	(35,602)	(160,026)
Net Cash Flows From Operating Activities	612,224	1,149,450
Investing Activities		
Financial assets measured at amortized cost	(3,971,045)	-
Redemption of held to maturity financial assets	-	1,110,000
Property and equipment	(4,447)	(221,375)
Financial assets measured at fair value through other comprehensive income	689	-
Available for sale financial assets	-	196,632
Net Cash Flows From Investing Activities	(3,974,803)	1,085,257
Financing Activities		
Increase in restricted bank deposits	1,761,948	(216,269)
Restricted financial assets measured at amortized cost	(1,677,963)	-
Dividends paid	(300,000)	(400,000)
Net Cash Flows from in Financing Activities	(216,015)	(616,269)
Net change in cash and cash equivalents	(3,578,594)	1,618,438
Cash and cash equivalents, beginning of the year	10,604,975	8,986,537
Cash and cash equivalents, end of the year	7,026,381	10,604,975

"The attached notes from (1) to (27) form an integral part of these financial statements"

JORDAN LOAN GUARANTEE CORP. PUBLIC SHAREHOLDING COMPANY

Notes to the Financial Statements

31 December 2011

(In Jordanian Dinar)

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.

These financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 13 February 2012 and it is subject to the General Assembly approval.

2. Changes in accounting policies

According to the requirements of the Securities Commission, the Company has adopted IFRS 9 (Financial Instruments) starting from January 2011.

Under IFRS (9), financial assets at initial recognition are measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss is expensed in the income statement.

Debt investments are measured at amortized cost only if both of the following criteria are met: the objective of the Company's business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

If either of the two criteria above is not met, debt investments are measured at fair value through profit or loss

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the Company can make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss. If this election is made, all fair value changes, excluding dividends that are a return on investment, will be reported in other comprehensive income. There is no recycling of amounts from other comprehensive income to profit and loss on sale of investments – nor are there any impairment requirements. However, the Company may transfer the cumulative gain or loss within equity.

The following table presents the effect of the early adoption of IFRS 9 on the relevant accounts:

Reclassification		Recorded amount	
IAS 39	IFRS 9	IAS 39	IFRS 9
Trading financials assets	Financial assets measured at fair value through profit or loss	1,194,187	1,194,187
Available for sale financial assets	Financial assets measured at fair value through other comprehensive income	606,940	606,940
Held to maturity financial assets	Financial assets measured at amortized cost	334,640	334,640
Fair value Adjustments	Fair value Adjustments	48,263	48,263
Retained earnings	Retained earnings	1,008,249	1,008,249

JORDAN LOAN GUARANTEE CORP. PUBLIC SHAREHOLDING COMPANY

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

3. Significant Accounting Policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards.

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

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

The accounting policies are consistent with those used in the previous year, except to IFRS 9.

Adoption of new and revised IFRS standards

The Company has adopted the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the annual period beginning 1 January 2011:

Standards No.	Subject	Detail
IFRS 9	Financial Instruments	Recognition and Measurement of financial assets & liabilities
IAS 24	Related Party Disclosures	The Definition of Related Party

The following standards have been published that are mandatory for accounting periods after 31 December 2011. The Directors anticipate that the adoption of these Standards in future periods will have no material impact on the financial statements of the Company.

Standards No.	Subject	Effective Date
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013

JORDAN LOAN GUARANTEE CORP. PUBLIC SHAREHOLDING COMPANY

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

Use of Estimates

The preparation of the 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 statement of income.

Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short - term highly liquid investments.

Trading and settlement date accounting

Purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits its self to purchase or sell the asset.

Fair value

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statements of income.

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation is computed on a straight-line basis using the following annual depreciation rates:

Buildings	2%
Furniture & fixtures	10-20%
Vehicles	15%
Computers & software	20%

The useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Accounts payable

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

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Provision for end of service indemnity

The provision for end of service indemnity is calculated based on the contractual provisions of the employment.

JORDAN LOAN GUARANTEE CORP. PUBLIC SHAREHOLDING COMPANY

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

Offsetting

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

Revenues

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue can be measured reliably.

Interest is recognized on a time proportion basis that reflects the effective yield on the assets.

Interest on central bank of Jordan loan is recognized when realized and provision, equivalent to the value of realized interest is provided to cover any losses that might result from industrial financing loans doubtful debts.

Commissions on loan guarantees are recognized annually on the guaranteed ceilings granted to banks and financial institutions.

Commissions on post-shipment export credit guarantees are recognized annually on the guaranteed ceilings after deducting the reinsurance Company share.

Dividends are recognized when the company's right to receive payment is established.

Income tax

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Company operates.

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized. Deferred tax assets are reviewed at the date of the statement of financial position, and reduced in case it is expected that no benefit will arise therefore, partially or totally.

Foreign Currency

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the statement of income.

4. Balances of guaranteed loans and ceilings

	Ceilings		Guaranteed	
	2011	2010	2011	2010
Housing loans guarantees	42,844,186	40,184,000	35,188,796	31,387,082
Productive loans guarantees	6,333,700	5,019,700	3,561,892	3,122,602
Computer purchase financing	1,000,000	1,000,000	2,323	18,216
Working capital guarantees	215,940	215,940	161,955	166,004
Export credit guarantees & domestic buyers	3,049,651	1,993,069	3,049,651	1,993,069
Industrial loans guarantees	32,483,016	26,945,592	4,996,215	4,026,239
Financial leasing	16,941,866	14,745,064	5,289,365	5,093,079

5. Cash and cash equivalents

	2011	2010
Cash on hand	1,000	883
Current bank accounts	9,358	9,815
Bank deposits	7,016,023	10,594,277
	7,026,381	10,604,975

Bank deposits mature within one month, with an annual interest rate ranging between (3.5%) and (4.5%).

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

6. Financial assets measured at fair value through profit or loss

	<u>2011</u>	<u>2010</u>
Investment funds	195,415	-

7. Trading financial assets

	<u>2011</u>	<u>2010</u>
Investment funds	-	304,880
Investment portfolios	-	889,307
	<u>-</u>	<u>1,194,187</u>

8. Financial assets measured at fair value through other comprehensive income

	<u>2011</u>	<u>2010</u>
Investments in quoted shares (in Jordan)	354,006	-
Investments in unquoted shares (in Jordan)	250,000	-
	<u>604,006</u>	<u>-</u>

9. Available for sale financial assets

	<u>2011</u>	<u>2010</u>
Investments in quoted shares (in Jordan)	-	56,940
Investments in unquoted shares (in Jordan)	-	550,000
	<u>-</u>	<u>606,940</u>

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

10. Financial assets measured at amortized cost

	<u>2011</u>	<u>2010</u>
Investment in bonds – Jordan	4,305,685	-
Deduct: impairment provision	(277,740)	-
	<u><u>4,027,945</u></u>	<u><u>-</u></u>

Investment in bonds mature up to the year 2015 with an annual interest rate ranging between (6, 49 %) and (7, 38%).

11. Held to maturity financial assets

	<u>2011</u>	<u>2010</u>
Investment in bonds – Jordan	-	<u><u>334,640</u></u>

12. Receivables and other current assets

	<u>2011</u>	<u>2010</u>
Accrued commission income	245,068	189,549
Accrued interest income	152,688	98,725
Prepaid expenses	7,077	7,402
Refundable deposits	7,815	7,815
Others	532	593
Deduct : provision against impairment of accrued interest	(11,807)	-
	<u><u>401,373</u></u>	<u><u>304,084</u></u>

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

13. Income tax

The movements on the income tax provision are as follows:

	<u>2011</u>	<u>2010</u>
Balance at beginning of the year	65,757	164,402
Current income tax charge	-	23,652
Prior year's tax adjustments	-	37,729
Income tax paid	(35,602)	(160,026)
Balance at end of the year	<u>30,155</u>	<u>65,757</u>

The income tax presented in the statement of income consists of:

	<u>2011</u>	<u>2010</u>
Current income tax charge	-	(23,652)
Deferred tax relating to revaluation gain of trading financial assets	-	8,834
Prior year's tax adjustment	-	(37,729)
Deferred tax relating to provisions for loans guarantee	(40,348)	(322,161)
Deferred tax relating to provision against impairment of financial assets measured at amortized cost	40,537	-
Deferred tax relating to end of service indemnity provision	(2,313)	156
	<u>(2,124)</u>	<u>(374,552)</u>

Deferred tax assets presented in the statement of financial position relates to:

	<u>2011</u>	<u>2010</u>
Provisions for loans guarantee	263,436	303,784
End of service provision	1,082	3,395
Provision against impairment of financial assets measured at amortized cost	40,537	-
Change in fair value reserve	(1,650)	(1,750)
	<u>303,405</u>	<u>305,429</u>

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2009.

- The Income Tax return for the year 2010 has been filed with the Income Tax Department but the department has not reviewed the Company's records till the date of this report.

- No income tax provision has been taken on the Company's results of operations for 2011 as the Company's expenses exceeded its taxable income.

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

14. Property & Equipment

	Lands	Buildings	Furniture & Fixtures	Vehicles	Computers & Software	Total
Cost						
Balance as at 1/1/2011	1,688,453	1,522,285	134,799	95,721	195,099	3,636,357
Additions	-	-	3,718	-	729	4,447
Balance as at 31/12/2011	1,688,453	1,522,285	138,517	95,721	195,828	3,640,804
Accumulated depreciation						
Balance as at 1/1/2011	-	28,520	81,416	64,463	166,013	340,412
Depreciation for the year	-	30,446	10,459	7,080	9,048	57,033
Balance as at 31/12/2011	-	58,966	91,875	71,543	175,061	397,445
Net book value as at 31/12/2011	1,688,453	1,463,319	46,642	24,178	20,767	3,243,359
Cost						
Balance as at 1/1/2010	1,688,453	1,356,547	176,625	95,721	226,495	3,543,841
Additions	-	165,738	37,530	-	18,117	221,385
Disposals	-	-	(79,356)	-	(49,513)	(128,869)
Balance as at 31/12/2010	1,688,453	1,522,285	134,799	95,721	195,099	3,636,357
Accumulated depreciation						
Balance as at 1/1/2010	-	-	115,406	57,383	200,920	373,709
Depreciation for the year	-	28,520	45,365	7,080	14,597	95,562
Disposals	-	-	(79,355)	-	(49,504)	(128,859)
Balance as at 31/12/2010	-	28,520	81,416	64,463	166,013	340,412
Net book value as at 31/12/2010	1,688,453	1,493,765	53,383	31,258	29,086	3,295,945

15. Provisions against loans guarantee

The general provision was computed at 3% of the guaranteed production loans and the guaranteed portion of working capital loans, and 1% of the guaranteed housing loans portfolio. The specific provision was determined as the remaining balance after deducting the general provision.

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

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

	<u>2011</u>	<u>2010</u>
General provision	568,155	568,155
Special provision	821,215	1,036,443
Provision for industrial financing	1,060,475	1,133,447
	<u><u>2,449,845</u></u>	<u><u>2,738,045</u></u>

The movements on these provisions are as follows:

General provision

	<u>2011</u>	<u>2010</u>
Balance at beginning of the year	568,155	587,440
Charge (unneeded provision) for the year	-	(19,285)
Balance at end of the year	<u><u>568,155</u></u>	<u><u>568,155</u></u>

Special provision

	<u>2011</u>	<u>2010</u>
Balance at beginning of the year	1,036,443	1,597,989
Charge (unneeded provision) for the year	168,542	(575,474)
Recoveries	182,809	130,012
Compensations paid	(566,579)	(116,084)
Balance at end of the year	<u><u>821,215</u></u>	<u><u>1,036,443</u></u>

Provision for industrial financing

	<u>2011</u>	<u>2010</u>
Balance at beginning of the year	1,133,447	905,790
Charge for the year	329,862	227,657
Recoveries	91,062	-
Compensations paid	(493,896)	-
Balance at end of the year	<u><u>1,060,475</u></u>	<u><u>1,133,447</u></u>

JORDAN LOAN GUARANTEE CORP. PUBLIC SHAREHOLDING COMPANY

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

16. Central Bank of Jordan loan

The board of ministers in their meeting held on 7 February 2006 authorized the Central Bank of Jordan, to loan the Company a non interest bearing grant by the European commission of an amount equivalent to JOD 5,160,695, the loan does not have a maturity date. The grant shall revert to the Central Bank of Jordan upon the liquidation of the Company.

Interest earned on the amount restricted against the loan is transferred to the provision for industrial financing and is to be used along with the restricted amount against liabilities resulting from industrial loans doubtful debt.

The restricted balance presented under assets in the statement of financial position amounted to JOD 6,179,859 and JOD 6,263,844 as at 31 December 2011 and 2010, respectively.

17. Payables and other current liabilities

	<u>2011</u>	<u>2010</u>
Re-insurers	37,192	33,825
Accrued reinsurance fees	190,955	136,025
Jordanian universities' fees provision	-	6,986
Provision for end of service indemnity	7,729	24,247
Accrued expenses	21,271	65,926
Employees bonus provision	-	23,500
Others	72,443	78,994
	<u>329,590</u>	<u>369,503</u>

18. Equity

Paid in Capital

The Company's authorized and paid in capital is JOD (10) Million divided equally into (10) Million shares with par value of JOD (1) each as at 31 December 2011 & 2010.

Statutory Reserve

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. The statutory reserve is not available for distribution to shareholders.

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

Voluntary Reserve

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of net income. This reserve is available for distribution to shareholders.

Dividends paid

The General Assembly has resolved in its meeting held in 22 March 2011 to distribute 3% cash dividends to the shareholders.

19. Administrative expenses

	<u>2011</u>	<u>2010</u>
Salaries and wages	553,780	525,205
Company's contribution in saving fund	48,819	46,837
Company's contribution in social security	50,315	43,548
Board of Directors' transportation	45,367	47,061
Rent	747	119,951
Obligations against terminated contracts	-	50,000
Medical and health insurance expenses	49,473	39,305
Depreciation	57,033	95,562
Employees bonus	-	21,030
Maintenance	7,511	5,375
Vehicles expenses	12,024	9,844
Marketing expenses	13,545	11,295
Professional fees	16,578	16,348
Official duties and training courses	21,987	23,985
Stationary and printings	9,979	9,846
Subscriptions	28,656	29,772
Post, telephone, water and electricity	31,681	31,297
Others	11,599	13,972
	<u>959,094</u>	<u>1,140,233</u>

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

20. Basic and diluted earnings per share

	<u>2011</u>	<u>2010</u>
(Loss)Profit for the year	(262,441)	317,019
Weighted average number of shares	10,000,000	10,000,000
	<u>(0.026)</u>	<u>0.032</u>

21. Executive management remuneration

The salaries and remunerations of the executive management amounted to JOD 312,257 and JOD 270,869 during 2011 and 2010 respectively.

22. Legalization

The Company appears as a defendant in a law suit relating to export guarantee amounting to JOD 240,414. The Company's share is JOD 40,870. The management believes that this case will have no effect on the financial position of the Company.

23. Productivity enhancement program

Under the productivity enhancement program, the company signed an agreement with the Ministry of Planning whereby, the Ministry will provide an amount of JOD 1,000,000 for the purpose of setting up a loan guarantee scheme with local commercial banks to provide medium and long term loans to small and medium size enterprises. Guarantees give under this scheme will cover up to maximum of 70% of the principal value of a guaranteed loan and of the interest accrued up to maximum of 180 days.

Funds transferred to the company under this agreement plus accrued interest should be segregated from the company's assets. The interest is recorded as income in the company's records.

The fund balances as of 31 December 2011 amounted to JOD 260,449 (2010: 250,000 JOD).

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

24. 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.

2011	Less than 1 year	More than 1 year	Total
Assets			
Cash and cash equivalents	7,026,381	-	7,026,381
Restricted bank deposits	-	4,501,896	4,501,896
Restricted financial assets measured at amortized cost	-	1,677,963	1,677,963
Financial assets measured at fair value through profit or loss	195,415	-	195,415
Financial assets measured at fair value through other comprehensive income	-	604,006	604,006
Financial assets measured at amortized cost	-	4,027,945	4,027,945
Receivables and other current assets	401,373	-	401,373
Deferred tax assets	-	303,405	303,405
Property and equipment	-	3,243,359	3,243,359
Total assets	7,623,169	14,358,574	21,981,743
Liabilities			
Provisions against loans guarantee	-	2,449,845	2,449,845
Central Bank of Jordan loan	-	5,160,695	5,160,695
Payables and other current liabilities	329,590	-	329,590
Income tax provision	30,155	-	30,155
Total liabilities	359,745	7,610,540	7,970,285
Net	7,263,424	6,748,034	14,011,458

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

2010	Less than 1 year	More than 1 year	Total
Assets			
Cash and cash equivalents	10,604,975	-	10,604,975
Restricted bank deposits	-	6,263,844	6,263,844
Trading financial assets	1,194,187	-	1,194,187
Available for sale financial assets	-	606,940	606,940
Held to maturity financial assets	135,000	199,640	334,640
Receivables and other current assets	304,084	-	304,084
Deferred tax assets	-	305,429	305,429
Property and equipment	-	3,295,945	3,295,945
Total assets	12,238,246	10,671,798	22,910,044
Liabilities			
Provisions against loans guarantee	-	2,738,045	2,738,045
Central Bank of Jordan loan	-	5,160,695	5,160,695
Payables and other current liabilities	369,503	-	369,503
Income tax provision	65,757	-	65,757
Total liabilities	435,260	7,898,740	8,334,000
Net	11,802,986	2,773,058	14,576,044

25. Interest rate re-pricing gap

The Company adopts the assets - liabilities compatibility principle and the suitability of maturities to narrow gaps through categorizing assets and liabilities into various maturities or price review maturities, whichever are nearer, to lower risks in interest rates, studying gaps in the related interest rates.

JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

2011	Less than 1 year	More than 1 year	Non-inter- est bearing	Total
Assets				
Cash and cash equivalents	7,016,023	-	10,358	7,026,381
Restricted bank deposits	-	-	4,501,896	4,501,896
Restricted financial assets measured at amortized cost	-	-	1,677,963	1,677,963
Financial assets measured at fair value through profit or loss	-	-	195,415	195,415
Financial assets measured at fair value through other comprehensive income	-	-	604,006	604,006
Financial assets measured at amortized cost	-	4,027,945	-	4,027,945
Receivables and other current assets	-	-	401,373	401,373
Deferred tax assets	-	-	303,405	303,405
Property and equipment	-	-	3,243,359	3,243,359
Total assets	7,016,023	4,027,945	10,937,775	21,981,743
Liabilities				
Provisions against loans guarantee	-	-	2,449,845	2,449,845
Central Bank of Jordan loan	-	-	5,160,695	5,160,695
Payables and other current liabilities	-	-	329,590	329,590
Income tax provision	-	-	30,155	30,155
Total liabilities	-	-	7,970,285	7,970,285
Net	7,016,023	4,027,945	2,967,490	14,011,458
2010	Less than 1 year	More than 1 year	Non- interest bearing	Total
Assets				
Cash and cash equivalents	10,594,277	-	10,698	10,604,975
Restricted bank deposits	-	-	6,263,844	6,263,844
Trading financial assets	-	-	1,194,187	1,194,187
Available for sale financial assets	-	-	606,940	606,940
Held to maturity financial assets	135,000	199,640	-	334,640
Receivables and other current assets	-	-	304,084	304,084
Deferred tax assets	-	-	305,429	305,429
Property and equipment	-	-	3,295,945	3,295,945
Total assets	10,729,277	199,640	11,981,127	22,910,044
Liabilities				
Provisions against loans guarantee	-	-	2,738,045	2,738,045
Central Bank of Jordan loan	-	-	5,160,695	5,160,695
Payables and other current liabilities	-	-	369,503	369,503
Income tax provision	-	-	65,757	65,757
Total liabilities	-	-	8,334,000	8,334,000
Net	10,729,277	199,640	3,647,127	14,576,044

**JORDAN LOAN GUARANTEE CORP.
PUBLIC SHAREHOLDING COMPANY**

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

26. Financial Instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Company include deposits at banks, and financial securities. Financial liabilities of the Company include Central Bank of Jordan loan and accounts payable.

Fair Value

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.

Credit Risk

Credit risk arises principally from banks deposits and loans granted to the financial institutions to refinance housing loans. The Company limits its credit risk by adopting conservative lending standards and setting limits to its customers, noting that the Company does not bear any loss arising from any default in the refinanced loans, as it is carried out in full by the financial institutions. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its net financial obligation. In this respect, the Company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, and cash equivalents and quoted securities.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date:

2011	Less than one year	More than one year	Total
Provisions against loans guarantee	-	2,449,845	2,449,845
Central Bank of Jordan loan	-	5,160,695	5,160,695
Payables and other current liabilities	329,590	-	329,590
Income tax provision	30,155	-	30,155
	359,745	7,610,540	7,970,285

2010	Less than one year	More than one year	Total
Provisions against loans guarantee	-	2,738,045	2,738,045
Central Bank of Jordan loan	-	5,160,695	5,160,695
Payables and other current liabilities	369,503	-	369,503
Income tax provision	65,757	-	65,757
	435,260	7,898,740	8,334,000

JORDAN LOAN GUARANTEE CORP. PUBLIC SHAREHOLDING COMPANY

Notes to the Financial Statements (continued)

31 December 2011

(In Jordanian Dinar)

Loans and exports guarantee risks

The company guarantees 70% of productive loans to the low and medium income applicants not exceeding JOD 70,000 and guarantees 75% of housing loans to the low and medium income applicants provided that the loan does not exceed JOD 75,000. The company guarantees 70% of industrial loans and financial leasing up to JOD 430,000 for each.

The company guarantees 90% of post shipment exports losses caused by any of the risks covered by the guarantee contract. The company reinsures the guaranteed capital through agreements with Regional & International Insurance Companies.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. Annual interest rates ranging between (3.5%) and (4.5%). As most of the Company's financial instruments have fixed interest rate and carried at amortized cost, the sensitivity of the Company's results or equity to movements in interest rates is not considered significant. If the interest rate had increased or decreased by 0.5%, the net result for the year would be increased /reduced in net income by JOD 35,080 during 2011 (2010: JOD 52,971).

Currency Risk

The management considers that the Company is not exposed to significant currency risk. The majority of their transactions and balances are in either Jordanian Dinar or US Dollar. As the Jordanian Dinar is pegged to the US Dollar, balances in US Dollar are not considered to represent significant currency risk and the Company's results or equity to movements in exchange rates is not considered significant.

Equity Price Risk

Equity price risk result from the change in the fair value of equity securities. The Company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the comprehensive income for the year would be increased / reduced by JOD 34,162 during 2011 (2010: JOD 94,425).

27. Capital Management

The Company manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders by pricing products and services commensurately with the level of risk.