

Jordan Loan Guarantee Corp.

Public Shareholding Company

Financial Statements

31 December 2018

Jordan Loan Guarantee Corp.
Public Shareholding Company

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INDEPENDENT AUDITOR'S REPORT

To The Shareholders of
Jordan Loan Guarantee Corp.
Public Shareholding Company
Amman - Jordan

Opinion

We have audited the financial statements of Jordan Loan Guarantee Corp., which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

(1) Provision for Expected Credit Loss

Included in the accompanying financial statements at the end of the year 2018 financial assets totaling JOD (33,720,425), as the provision for expected credit loss of these financial assets are dependent on the management's estimates of different variables, the adequacy of the provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating the provision and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.

(2) Provisions Against Loans Guarantee

Included in the accompanying financial statements at the end of the year 2018 provisions against loan guarantee totaling JOD (14,890,058) and the calculation of these provisions based on many hypotheses and estimates, the adequacy of these provisions is considered to be a key audit for us. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating these provisions and assessing the reasonableness of estimates and assumptions used by the management in calculating the provisions amount.

(3) Deferred Tax Assets

Included in the accompanying financial statements at the end of the year 2018 deferred tax assets totaling JOD (447,199) as the expected benefits of these assets is primarily dependent on the Company's ability to generate adequate future profits, and since forecasting future profits is based on the Company's assumptions and estimates, determining the future benefits of the deferred tax assets is considered a key audit matter. The audit procedures performed by us to address this key audit matter included discussing the recoverability of the deferred tax assets with the Company's tax advisors and testing of the Company's budgeting procedures upon which the forecasts are based. We have also considered the appropriateness of its calculation and disclosure in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.


- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The 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, and we recommend the General Assembly to approve it.

7 February 2019
Amman - Jordan




Arab Professionals
Ibrahim Hammoudeh
License No. (606)

**Jordan Loan Guarantee Corp.
Public Shareholding Company
Statement of Financial Position
As at 31 December 2018**

(In Jordanian Dinar)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
Assets			
Cash and cash equivalents	4	2,565,464	451,741
Deposits at banks	5	26,822,940	27,581,297
Restricted bank deposits	12,13,14,15	38,784,768	25,605,714
Restricted financial assets measured at amortized cost	12,13,14,15	165,489,888	114,104,720
Financial assets measured at fair value through other comprehensive income	6	1,183,597	1,180,139
Financial assets measured at amortized cost	7	4,282,552	4,590,771
Receivables and other current assets	8	865,065	733,502
Deferred tax assets	9	447,199	214,875
Property and equipment	10	3,195,551	3,225,008
Total Assets		<u>243,637,024</u>	<u>177,687,767</u>
Liabilities and Equity			
Liabilities			
Provisions against loans guarantee	11	14,890,058	7,795,998
Central Bank of Jordan loan - Industrial loans guarantee program	12	5,160,695	5,160,695
Central Bank of Jordan loan - Export credit guarantee program	13	99,999,277	99,999,277
Ministry of Planning deposit	14	1,248,500	1,248,500
Startup micro projects loans	15	83,588,958	26,498,958
Payables and other current liabilities	16	3,037,346	2,146,599
Income tax provision	9	152,186	137,816
Total Liabilities		<u>208,077,020</u>	<u>142,987,843</u>
Equity			
	18		
Paid in capital		29,080,310	29,080,310
Statutory reserve		1,719,633	1,628,770
Voluntary reserve		2,204,824	2,204,824
Fair value adjustments		496,443	493,158
Retained earnings		2,058,794	1,292,862
Total Equity		<u>35,560,004</u>	<u>34,699,924</u>
Total Liabilities and Equity		<u>243,637,024</u>	<u>177,687,767</u>

"The attached notes from (1) to (29) form an integral part of these financial statements"

**Jordan Loan Guarantee Corp.
Public Shareholding Company
Statement of Profit or Loss
For the Year Ended 31 December 2018**

(In Jordanian Dinar)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
Revenues			
Interest income		1,545,461	1,227,766
Bonds interest income		285,845	224,825
Commissions on guaranteed loans		1,130,926	1,003,811
Commissions on guaranteed exports and domestic buyers		125,724	97,418
Commissions on guaranteed industrial loans and financial leasing		395,645	324,472
Dividends income		68,649	55,494
Other revenues		48,804	31,905
Total Revenues		<u>3,601,054</u>	<u>2,965,691</u>
Deduct :			
Administrative expenses	19	1,608,631	1,370,018
Provisions against loans guarantee	11	1,046,144	548,920
Provision for expected credit loss of deposits and bonds		1,520	-
Provision against end of service indemnity		36,132	28,504
Board of directors' remunerations		43,572	35,000
Total Expenses		<u>2,735,999</u>	<u>1,982,442</u>
Profit for the year before tax		865,055	983,249
Tax expense for the year	9	(167,914)	(252,269)
Profit for the year		<u>697,141</u>	<u>730,980</u>
Basic and diluted earnings per share	20	<u>0.024</u>	<u>0.025</u>

"The attached notes from (1) to (29) 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 2018

(In Jordanian Dinar)

	<u>2018</u>	<u>2017</u>
Profit for the year	697,141	730,980
Other comprehensive income items		
Changes in fair value of financial assets through other comprehensive income	<u>3,285</u>	<u>383,543</u>
Total comprehensive income for the year	<u><u>700,426</u></u>	<u><u>1,114,523</u></u>

“The attached notes from (1) to (29) 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 2018**

(In Jordanian Dinar)

	Paid in capital	Reserves		Fair value adjustments	Retained* earnings	Total
		Statutory	Voluntary			
Balance at 1 January 2018	29,080,310	1,628,770	2,204,824	493,158	1,292,862	34,699,924
Impact of adopting IFRS (9)	-	-	-	-	159,654	159,654
Restated opening balance at 1 January 2018	29,080,310	1,628,770	2,204,824	493,158	1,452,516	34,859,578
Total comprehensive income for the year	-	-	-	3,285	697,141	700,426
Statutory reserve	-	90,863	-	-	(90,863)	-
Balance at 31 December 2018	29,080,310	1,719,633	2,204,824	496,443	2,058,794	35,560,004
Balance at 1 January 2017	29,080,310	1,526,945	2,204,824	109,615	663,707	33,585,401
Total comprehensive income for the year	-	-	-	383,543	730,980	1,114,523
Statutory reserve	-	101,825	-	-	(101,825)	-
Balance at 31 December 2017	29,080,310	1,628,770	2,204,824	493,158	1,292,862	34,699,924

* The above retained earnings does not include any fair value gains that are not allowed to be distributed to shareholders based on the Security Exchange Commission instructions.

"The attached notes from (1) to (29) 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 2018
(In Jordanian Dinar)

	<u>2018</u>	<u>2017</u>
Operating Activities		
Profit for the year before income tax	865,055	983,249
Depreciation	118,544	102,291
Amortization of deferred grants revenue	(35,116)	(31,905)
Gain from sale of property and equipment	(12,499)	-
Provision against end of service indemnity	36,132	28,504
Change in provisions against loans guarantee	8,608,936	5,512,415
Board of directors' remunerations	43,572	35,000
Provision for expected credit loss of deposits and bonds	1,520	-
Changes in working capital		
Payables and other current liabilities	846,159	171,035
Receivables and other current assets	(131,563)	(26,108)
Net payments for loans guarantees	(1,514,876)	(1,149,126)
Income tax paid	(226,387)	(180,729)
Net Cash Flows From Operating Activities	<u>8,599,477</u>	<u>5,444,626</u>
Investing Activities		
Financial assets measured at amortized cost	308,219	(415)
Property and equipment	(76,588)	(109,643)
Net Cash Flows From (Used in) Investing Activities	<u>231,631</u>	<u>(110,058)</u>
Financing Activities		
Central Bank of Jordan loan - export credit guarantees program	-	99,999,277
Restricted bank deposits	(13,179,054)	(2,331,355)
Restricted financial assets measured at amortized cost	(51,385,168)	(101,525,872)
Deposits at banks	756,837	(1,041,738)
Startup micro projects loans	57,090,000	-
Net Cash Flows Used in Financing Activities	<u>(6,717,385)</u>	<u>(4,899,688)</u>
Net changes in cash and cash equivalents	2,113,723	434,880
Cash and cash equivalents, beginning of year	451,741	16,861
Cash and cash equivalents, end of year	<u>2,565,464</u>	<u>451,741</u>

"The attached notes from (1) to (29) form an integral part of these financial statements"

Jordan Loan Guarantee Corp.
Public Shareholding Company
Notes to the Financial Statements
31 December 2018

(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.

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

These financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 7 February 2019.

2 . 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 for the adoption of new and amended standards effective as at the beginning of the year. The table below shows the effect on the opening balances as at 1/1/2018 resulted from change in the policy for calculation of impairment loss of financial assets to comply with IFRS (9).

	<u>Balance at 31/12/2017</u>	<u>Impact of adopting IFRS (9)</u>	<u>Balance at 1/1/2018</u>
Deferred tax assets	214,875	159,654	374,529
Retained earnings	1,292,862	159,654	1,452,516

Adoption of new and revised IFRS standards

The following standards have been published that are mandatory for accounting periods after 31 December 2018. Management anticipates that the adoption of new and revised Standards will have no material impact on the financial statements of the Company.

<u>Standard No.</u>	<u>Title of Standards</u>	<u>Effective Date</u>
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021

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 profit or loss.
- Management reviews periodically provisions against loan guarantee to assess their sufficiency according to the Company's policy and the risk management assessment.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

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 of cash on hand, deposits held at call with banks, other short-term highly liquid investments.

Financial Assets at Fair Value through Other Comprehensive Income

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.

Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. In case those assets – or part of them – were sold, the resultant gain or loss is recorded in the statement of comprehensive income within owners' equity and the reserve for the sold assets is directly transferred to the retained earnings and not through the statement of profit or loss.

These assets are not subject to impairment testing.

Dividends are recorded in the statement of profit or loss on a separate line item.

Financial Assets at Amortized Cost

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

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

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.

Impairment of financial assets

The Company has changed the loan loss impairment method by replacing IAS 39's incurred loss approach with an expected credit loss approach as described by the provisions of IFRS 9.

The expected credit loss allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The 12 months' expected credit loss is the portion of lifetime expected credit loss that represent the expected credit loss that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its assets that are subject to impairment test into Stage 1, Stage 2, and Stage 3 as described below:

Stage 1: Includes financial instruments that have not deteriorated significantly in credit quality since initial recognition or that has low credit risk at the reporting date. At this stage, a 12-month expected credit losses are recognized and interest revenue is calculated on the gross carrying amount of the asset.

Stage 2: Includes financial instruments that have deteriorated significantly in credit quality since initial recognition but that do not have objective evidence of a credit loss event. At this stage, a lifetime expected credit losses are recognized Interest revenue is still calculated on the asset's gross carrying amount.

Stage 3: Includes financial assets that have objective evidence of impairment at the reporting date. At this stage, a lifetime expected credit losses are recognized Interest revenue is calculated on the net carrying amount (i.e. reduced for expected credit losses).

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 profit or loss.

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 property, plant and equipment 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.

Grants

Grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Grants whose primary condition is that the Company should purchase, construct or otherwise acquire depreciable assets are recognized as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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.

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 company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

Revenues

Revenues from sale of goods are recognized when control transferred to the buyer, while revenues from rendering services are recognized over time and according to percentage of completion. In all cases, it is necessary that the amount of revenue can be measured reliably.

Commissions on loans guarantees are recognized annually on the ceilings or guaranteed portion of loans - granted by banks and financial institutions according to guarantee type.

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

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

Other revenue are recognized on the accrual basis accounting.

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.

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 profit or loss.

3 . Balances of guaranteed loans and ceilings

	Loans Ceilings		Guaranteed loans	
	2018	2017	2018	2017
Housing loans guarantees	28,435,906	28,940,106	19,328,860	21,976,898
Productive loans guarantees	49,867,134	49,817,134	53,471,047	48,873,435
Export credit guarantees & domestic buyers	4,142,077	3,418,410	4,142,077	3,418,410
Industrial loans guarantees	37,560,080	20,449,609	30,760,080	20,449,609
Finance lease	1,521,833	1,797,377	1,521,833	1,797,377
Business vehicles	42,933	118,943	42,933	118,943

4 . Cash and cash equivalents

	2018	2017
Cash on hand	1,000	1,000
Cash at banks	679	41,680
Deposits mature within three months	2,565,365	409,061
Provision for expected credit loss	(1,580)	-
	2,565,464	451,741

Annual interest rate for bank deposits ranging between (4.5%) and (5.5%).

5 . Deposits at banks

Bank deposits mature within (4) to (6) months, with an annual interest rate ranging between (4.25%) and (6.13%), provision for expected credit loss for these deposits as at 31 December 2018 amounted to JOD (41,333).

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

	<u>2018</u>	<u>2017</u>
Investments in listed shares (in Jordan)	934,407	930,949
Investments in unlisted shares (in Jordan)	<u>249,190</u>	<u>249,190</u>
	<u>1,183,597</u>	<u>1,180,139</u>

7 . Financial assets measured at amortized cost

	<u>2018</u>	<u>2017</u>
Investment in bonds – Jordan	4,290,787	4,590,771
Provision for expected credit loss	<u>(8,235)</u>	<u>-</u>
	<u>4,282,552</u>	<u>4,590,771</u>

Investment in bonds mature up to the year 2026 with an annual interest rate ranging between (5.498%) and (6.75%).

8 . Receivables and other current assets

	<u>2018</u>	<u>2017</u>
Accrued commissions income	452,283	388,675
Accrued interest income	367,612	267,748
Accounts receivable	20,977	50,969
Prepaid expenses	15,816	17,016
Refundable deposits	7,815	7,865
Others	<u>562</u>	<u>1,229</u>
	<u>865,065</u>	<u>733,502</u>

Jordan Loan Guarantee Corp.
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9 . Income tax

The movements on the income tax provision are as follows:

	2018	2017
Balance at beginning of the year	137,816	100,676
Current year income tax charge	235,599	217,869
Income tax paid	<u>(221,229)</u>	<u>(180,729)</u>
	<u>152,186</u>	<u>137,816</u>

Income tax expense for the year which appears in the statement of profit or loss consists of the following:

	2018	2017
Income tax expense for the year	235,599	217,869
Prior years income tax	5,158	30,195
Deferred tax	<u>(72,843)</u>	<u>4,205</u>
	<u>167,914</u>	<u>252,269</u>

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

	2018	2017
Provisions against loans guarantee	425,952	210,911
End of service provision	37,145	29,919
Provision for expected credit loss of deposits and bonds	10,230	-
Changes in fair value reserve	<u>(26,128)</u>	<u>(25,955)</u>
	<u>447,199</u>	<u>214,875</u>

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2015.
- The income tax returns for the years 2016 and 2017 have been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- The income tax provision for the year 2018 was calculated in accordance with the Income Tax Law.

10 . Property and equipment

	Lands	Buildings	Furniture & Fixtures	Vehicles	Computers & Software	Payments to purchase software	Total
Cost							
Balance at 1/1/2018	1,688,453	1,555,551	204,725	101,101	487,681	-	4,037,511
Additions	-	-	4,653	56,000	20,779	7,736	89,168
Disposals	-	-	<u>(85)</u>	<u>(47,200)</u>	-	-	<u>(47,285)</u>
Balance at 31/12/2018	<u>1,688,453</u>	<u>1,555,551</u>	<u>209,293</u>	<u>109,901</u>	<u>508,460</u>	<u>7,736</u>	<u>4,079,394</u>
Accumulated depreciation							
Balance at 1/1/2018	-	242,552	135,367	88,673	345,911	-	812,503
Depreciation for the year	-	31,488	11,113	11,385	64,558	-	118,544
Disposals	-	-	<u>(5)</u>	<u>(47,199)</u>	-	-	<u>(47,204)</u>
Balance at 31/12/2018	-	<u>274,040</u>	<u>146,475</u>	<u>52,859</u>	<u>410,469</u>	-	<u>883,843</u>
Net book value at 31/12/2018	<u>1,688,453</u>	<u>1,281,511</u>	<u>62,818</u>	<u>57,042</u>	<u>97,991</u>	<u>7,736</u>	<u>3,195,551</u>
Cost							
Balance at 1/1/2017	1,688,453	1,526,435	148,171	101,101	463,708	-	3,927,868
Additions	-	29,116	56,554	-	23,973	-	109,643
Balance at 31/12/2017	<u>1,688,453</u>	<u>1,555,551</u>	<u>204,725</u>	<u>101,101</u>	<u>487,681</u>	-	<u>4,037,511</u>
Accumulated depreciation							
Balance at 1/1/2017	-	211,315	126,176	85,688	287,033	-	710,212
Depreciation for the year	-	31,237	9,191	2,985	58,878	-	102,291
Balance at 31/12/2017	-	<u>242,552</u>	<u>135,367</u>	<u>88,673</u>	<u>345,911</u>	-	<u>812,503</u>
Net book value at 31/12/2017	<u>1,688,453</u>	<u>1,312,999</u>	<u>69,358</u>	<u>12,428</u>	<u>141,770</u>	-	<u>3,225,008</u>

11 . Provisions against loans guarantee

Provisions against loans guarantee are calculated according to IFRS (9) requirements, and shouldn't be less than total defaulted loans

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

	2018	2017
Provision for productive loans guarantees	1,692,269	-
Provision for housing loans guarantees	389,727	-
Reserved provision against loans guarantees	47,765	-
Provision for industrial financing	4,315,300	2,020,153
Provision for pioneer projects financing	97,644	393,639
Provision for startup companies financing	3,811,752	1,274,253
Provision for export credit guarantee financing	4,535,601	2,255,124
General provision	-	798,273
Special provision	-	1,054,556
	<u>14,890,058</u>	<u>7,795,998</u>

The movements on these provisions are as follows:

Provision for productive loans guarantees

	2018	2017
Transfer from general and special provision to comply with IFRS (9)	1,463,054	-
Charge for the year	986,433	-
Recoveries	153,456	-
Compensations paid	(910,674)	-
	<u>1,692,269</u>	<u>-</u>

Provision for housing loans guarantees

	2018	2017
Transfer from general and special provision to comply with IFRS (9)	293,577	-
Charge for the year	59,711	-
Recoveries	122,074	-
Compensations paid	(85,635)	-
	<u>389,727</u>	<u>-</u>

Reserved provision against loans guarantees

	2018	2017
Transfer from general and special provision to comply with IFRS (9)	<u>47,765</u>	<u>-</u>

Provision for industrial financing

	2018	2017
Balance at beginning of the year	2,020,153	2,224,514
Charge for the year against Central Bank of Jordan loan's interest	401,538	311,649
Transfer from export credit guarantee provision	2,000,000	-
Recoveries	282,437	11,100
Compensations paid	(315,041)	(42,721)
Income tax	(73,787)	(56,006)
Prior years income tax	-	(428,383)
	<u>4,315,300</u>	<u>2,020,153</u>

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Provision for pioneer projects financing

	2018	2017
Balance at beginning of the year	393,639	395,873
Charge for the year against ministry of planning deposits	84,238	79,082
Compensations paid	(380,233)	-
Income tax	-	(15,816)
Prior years income tax	-	(65,500)
	<u>97,644</u>	<u>393,639</u>

Provision for startup companies financing

	2018	2017
Balance at beginning of the year	1,274,253	438,957
Charge for the year against startup micro projects loans	4,299,955	1,153,859
Compensations paid	(59,990)	-
Interest on loans for startup companies guarantee financing	(745,492)	-
Income tax	(635,704)	(230,771)
Stamps expenses	(321,270)	-
Prior years income tax	-	(87,792)
	<u>3,811,752</u>	<u>1,274,253</u>

Provision for export credit guarantee financing

	2018	2017
Balance at beginning of the year	2,255,124	-
Charge for the year against Central Bank of Jordan loan	7,350,581	4,741,706
Interest on Central Bank of Jordan loan	(1,999,984)	(1,322,801)
Transfer to industrial financing provision	(2,000,000)	-
Income tax	(1,070,120)	(563,781)
Stamps expenses	-	(600,000)
	<u>4,535,601</u>	<u>2,255,124</u>

General provision

	2018	2017
Balance at beginning of the year	798,273	673,718
Transfer to loans guarantee and expected credit loss provisions to comply with IFRS (9)	(798,273)	-
Charge for the year	-	124,555
	<u>-</u>	<u>798,273</u>

Special provision

	2018	2017
Balance at beginning of the year	1,054,556	1,059,904
Transfer to loans guarantee and expected credit loss provisions to comply with IFRS (9)	(1,054,556)	-
Charge for the year	-	424,365
Recoveries	-	404,871
Compensations paid	-	(834,584)
	<u>-</u>	<u>1,054,556</u>

12 . Central Bank of Jordan loan - industrial loans guarantee program

The Board of Ministers in their meeting held on 7 February 2006 authorized the Central Bank of Jordan, to give the Company a non interest bearing loan granted by the European Commission of an amount equivalent to JOD (5,160,695), the loan does not have a maturity date or any interest. 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 (9,521,838) and JOD (7,236,845) as at 31 December 2018 and 2017 respectively.

13 . Central Bank of Jordan loan - export credit guarantee program

During 2018 the Company has acquired a loan from Central Bank of Jordan totaling JOD (100) million with an annual interest rate (2%) for a period of ten years, for the purpose of strengthen the Company's ability to provide guarantees for exporters of value added industries against the risk of importers' default, through the use of loan proceeds to purchase governmental securities and retain investment income after deducting interest expense as a provision to meet any obligations arising from the granted guarantees .

The restricted balance presented under assets in the statement of financial position amounted to JOD (105,400,259) as at 31 December 2018 and JOD (102,818,180) as at 31 December 2017, all financial assets at amortized cost are mortgaged against Central Bank of Jordan loan, and their book value amounted to JOD (100,001,220).

14 . Ministry of Planning deposit

The Company signed an agreement with the Ministry of Planning and Development and Employment fund whereby, the Ministry will provide an amount of JOD (1,250,000) for setting up a loan guarantee scheme for the loans granted by the Development and Employment Fund to finance pioneer projects. guarantees given under this scheme will cover up to maximum of (80%) of the principal value of a guaranteed loan and of the interest accrued up to maximum of (181) days, funds transferred to the Company under this agreement plus accrued interest shall be used to cover the guaranteed portion of defaulted loans.

The fund balance as at 31 December 2018 amounted to JOD (1,248,500) and the restricted balance presented under assets in the statement of financial position amounted to JOD (1,346,144) as at December 2018 (2017: JOD 1,657,957).

15 . Startup micro projects loans

During 2016 the Company has acquired interest free loans from the Central Bank of Jordan and other commercial and Islamic banks for the purpose of helping startup companies to develop their business activities, by using the proceeds from these loans exclusively in financing startup micro projects loans guarantee program through investing them in low risk financial instruments and retain their returns as a provision to face any liabilities that may arise against the granted guarantees, in case of running out from the retained returns the Company will stop granting any new guarantees.

The loan from Central Bank of Jordan which amounted to JOD (11,239,200) will mature on 8 March 2021 and the loans from the commercial and Islamic banks which amounted to JOD (15,259,758) will mature on 1 March 2026.

Also during (2018) the Company has acquired two loans from the Central Bank of Jordan totaling JOD (57,090,000) with (2%) annual interest rate, JOD (50) Million will be settled after ten years from date of loan execution, and JOD (7,090,000) will be settled through (15) semiannual installment after (3) years grace period, for the purpose of increasing the ceiling of loans guarantee for startup companies from JOD (100,000) to JOD (250,000), through investing them in low risk financial instruments and retain their returns as a provision to face any liabilities that may arise against the granted guarantees, in case of running out from the retained returns the Company will stop granting any new guarantees

The restricted balance presented under assets in the statement of financial position amounted to JOD (88,006,415) as at 31 December 2018 (2017: JOD 27,997,452) part of it is mortgaged against Central Bank of Jordan loan amounted to JOD (63,179,502).

16 . Payables and other current liabilities

	<u>2018</u>	<u>2017</u>
Income tax payable on provision against restricted assets	1,497,916	866,374
Unearned commissions	773,163	580,839
Reinsurers	225,057	247,100
Provision for end of service indemnity	185,727	149,595
Accrued expenses	173,438	111,782
Shareholders Withholdings	80,626	82,759
Deferred grant income	54,510	72,922
Provision for Board of Directors' remunerations	45,714	35,000
Others	1,195	228
	<u><u>3,037,346</u></u>	<u><u>2,146,599</u></u>

17 . Grant from World Bank

The World Bank has granted the Company JOD (1,000,000) under supervision of Central Bank of Jordan to develop certain areas in the Company (market research, risk management, product development, marketing, analysis and systems, human resources management).

Total amount used from the grant till end of 2018 was JOD (170,681) to purchase property and equipment and JOD (538,319) to cover other expenses related to the grant purposes.

Revenues from the grant were deducted from their related expenses.

18 . Equity

Capital

The Company's authorized capital is JOD (30) Million and the subscribed and paid in capital is JOD (29,080,310) divided equally into (29,080,310) shares with par value of JOD (1) each as at 31 December 2018 and 2017.

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.

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.

19 . Administrative expenses

	2018	2017
Salaries and wages	904,581	754,723
Company's contribution in social security	99,049	88,058
Company's contribution in saving fund	76,149	66,685
Depreciation (Note 10)	118,544	102,291
Subscriptions	74,796	61,114
Marketing expenses	30,496	51,295
Medical and health insurance expenses	48,704	50,831
Board of Directors' transportation	64,550	45,500
Post, telephone, water and electricity	35,670	37,442
Official duties and training courses	35,525	34,827
Professional fees	22,199	22,183
Stationary and printings	16,399	15,932
Maintenance	47,118	12,131
Rent	2,850	850
Vehicles expenses	5,992	9,196
Others	26,009	16,960
	<u>1,608,631</u>	<u>1,370,018</u>

20 . Basic and diluted earnings per share

	<u>2018</u>	<u>2017</u>
Profit for the year	697,141	730,980
Weighted average number of shares	<u>29,080,310</u>	<u>29,080,310</u>
	<u>0.024</u>	<u>0.025</u>

21 . Shares registered in the name of the Company

The Company has invested in the Innovative Startups and SMEs Fund as an agent to the Government of Jordan, this investment has been financed by loan from the World Bank to the Government of Jordan, the Company will manage the Fund in compliance with agreements between the Company, World Bank and the Government of Jordan, there will be no liabilities nor returns to the Company from its investment in the Fund.

The par value of Fund's shares registered in the name of the Company as at 31 December 2018 is (14,194,962) JOD/Share.

22 . Executive management remuneration

The salaries and remunerations of the executive management amounted to JOD (469,331) and JOD (370,136) during 2018 and 2017 respectively.

23 . Legalization

The Company appears as a defendant in a law suits relating to export guarantees amounting to JOD (702,994) the Company's share from these suits is JOD (124,134), and a labor law suits amounting to JOD (83,465) the company recorded a provision for JOD (41,733) against this suit, the management believes that this case will have no effect on the financial position of the Company.

Jordan Loan Guarantee Corp.
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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.

2018	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	2,565,464	-	2,565,464
Deposits at banks	26,822,940	-	26,822,940
Restricted bank deposits	-	38,784,768	38,784,768
Financial assets measured at fair value through other comprehensive income	-	1,183,597	1,183,597
Restricted financial assets measured at amortized cost	-	165,489,888	165,489,888
Financial assets measured at amortized cost	800,000	3,482,552	4,282,552
Receivables and other current assets	865,065	-	865,065
Deferred tax assets	-	447,199	447,199
Property and equipment	-	3,195,551	3,195,551
Total assets	31,053,469	212,583,555	243,637,024
Liabilities			
Provisions against loans guarantee	-	14,890,058	14,890,058
Central Bank of Jordan loan – Industrial loans guarantee program	-	5,160,695	5,160,695
Central Bank of Jordan loan – Export credit guarantee program	-	99,999,277	99,999,277
Ministry of Planning deposit	-	1,248,500	1,248,500
Startup micro projects loans	-	83,588,958	83,588,958
Payables and other current liabilities	3,037,346	-	3,037,346
Income tax provision	152,186	-	152,186
Total liabilities	3,189,532	204,887,488	208,077,020
2017			
Assets			
Cash and cash equivalents	451,741	-	451,741
Deposits at banks	27,581,297	-	27,581,297
Restricted bank deposits	-	25,605,714	25,605,714
Financial assets measured at fair value through other comprehensive income	-	1,180,139	1,180,139
Restricted financial assets measured at amortized cost	-	114,104,720	114,104,720
Financial assets measured at amortized cost	300,000	4,290,771	4,590,771
Receivables and other current assets	733,502	-	733,502
Deferred tax assets	-	214,875	214,875
Property and equipment	-	3,225,008	3,225,008
Total assets	29,066,540	148,621,227	177,687,767
Liabilities			
Provisions against loans guarantee	-	7,795,998	7,795,998
Central Bank of Jordan loan – Industrial loans guarantee program	-	5,160,695	5,160,695
Central Bank of Jordan loan – Export credit guarantee program	-	99,999,277	99,999,277
Ministry of Planning deposit	-	1,248,500	1,248,500
Startup micro projects loans	-	26,498,958	26,498,958
Payables and other current liabilities	2,146,599	-	2,146,599
Income tax provision	137,816	-	137,816
Total liabilities	2,284,415	140,703,428	142,987,843

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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.

2018	Up to one year	More than one year	Non-interest bearing	Total
Assets				
Cash and cash equivalents	2,563,785	-	1,679	2,565,464
Deposits at banks	26,822,940	-	-	26,822,940
Restricted bank deposits	-	-	38,784,768	38,784,768
Financial assets measured at fair value through other comprehensive income	-	-	1,183,597	1,183,597
Restricted financial assets measured at amortized cost	-	-	165,489,888	165,489,888
Financial assets measured at amortized cost	800,000	3,482,552	-	4,282,552
Receivables and other current assets	-	-	865,065	865,065
Deferred tax assets	-	-	447,199	447,199
Property and equipment	-	-	3,195,551	3,195,551
Total assets	30,186,725	3,482,552	209,967,747	243,637,024
Liabilities				
Provisions against loans guarantee	-	-	14,890,058	14,890,058
Central Bank of Jordan loan - Industrial loans guarantee program	-	-	5,160,695	5,160,695
Central Bank of Jordan loan – Export credit guarantee program	-	-	99,999,277	99,999,277
Ministry of Planning deposit	-	-	1,248,500	1,248,500
Startup micro projects loans	-	-	83,588,958	83,588,958
Payables and other current liabilities	-	-	3,037,346	3,037,346
Income tax provision	-	-	152,186	152,186
Total liabilities	-	-	208,077,020	208,077,020
Interest rate re-pricing gap	30,186,725	3,482,552	1,890,727	35,560,004
<hr/>				
2017	Up to one year	More than one year	Non-interest bearing	Total
Assets				
Cash and cash equivalents	409,061	-	42,680	451,741
Deposits at banks	27,581,297	-	-	27,581,297
Restricted bank deposits	-	-	25,605,714	25,605,714
Financial assets measured at fair value through other comprehensive income	-	-	1,180,139	1,180,139
Restricted financial assets measured at amortized cost	-	-	114,104,720	114,104,720
Financial assets measured at amortized cost	300,000	4,290,771	-	4,590,771
Receivables and other current assets	-	-	733,502	733,502
Deferred tax assets	-	-	214,875	214,875
Property and equipment	-	-	3,225,008	3,225,008
Total assets	28,290,358	4,290,771	145,106,638	177,687,767
Liabilities				
Provisions against loans guarantee	-	-	7,795,998	7,795,998
Central Bank of Jordan loan - Industrial loans guarantee program	-	-	5,160,695	5,160,695
Central Bank of Jordan loan – Export credit guarantee program	-	-	99,999,277	99,999,277
Ministry of Planning deposit	-	-	1,248,500	1,248,500
Startup micro projects loans	-	-	26,498,958	26,498,958
Payables and other current liabilities	-	-	2,146,599	2,146,599
Income tax provision	-	-	137,816	137,816
Total liabilities	-	-	142,987,843	142,987,843
Interest rate re-pricing gap	28,290,358	4,290,771	2,118,795	34,699,924

26 . Operating segments

The company's main operations include providing guarantees to fully or partially cover loans of different types granted by banks and financial institutions, extending guarantees required to cover risks in the field of Jordanian export sector, and investing in financial securities, information about operating segments are as follows:

	Local	
	2018	2017
Revenue from loans guarantee	1,526,571	1,328,283
Revenue from guarantee of exports and domestic buyers	125,724	97,418
Revenue from investing in financial securities	1,899,955	1,508,085
Assets related to guarantee of loans and export sector	204,726,939	140,099,109
Assets related to investment in financial securities	35,220,486	34,176,696

27 . Fair Value of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, financial securities and receivables. Financial liabilities of the Company include Central Bank of Jordan loan, accounts payable, ministry of planning deposit and startup micro projects loans.

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

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

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

2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	<u>934,407</u>	<u>145,000</u>	<u>104,190</u>	<u>1,183,597</u>
2017	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	<u>930,949</u>	<u>145,000</u>	<u>104,190</u>	<u>1,180,139</u>

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

28 . Financial Risk Management

Credit Risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. 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:

2018	Less than one year	More than one year	Total
Provisions against loans guarantee	-	14,890,058	14,890,058
Central Bank of Jordan loan - Industrial loans guarantee program	-	5,160,695	5,160,695
Central Bank of Jordan loan - Export credit guarantee program	-	99,999,277	99,999,277
Ministry of Planning deposit	-	1,248,500	1,248,500
Startup micro projects loans	-	83,588,958	83,588,958
Payables and other current liabilities	3,037,346	-	3,037,346
Income tax provision	152,186	-	152,186
	<u>3,189,532</u>	<u>204,887,488</u>	<u>208,077,020</u>
2017	Less than one year	More than one year	Total
Provisions against loans guarantee	-	7,795,998	7,795,998
Central Bank of Jordan loan - Industrial loans guarantee program	-	5,160,695	5,160,695
Central Bank of Jordan loan - Export credit guarantee program	-	99,999,277	99,999,277
Ministry of Planning deposit	-	1,248,500	1,248,500
Startup micro projects loans	-	26,498,958	26,498,958
Payables and other current liabilities	2,146,599	-	2,146,599
Income tax provision	137,816	-	137,816
	<u>2,284,415</u>	<u>140,703,428</u>	<u>142,987,843</u>

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. To avoid this risk, the company's deposits are short term and have fixed interest rates, if interest rates had increased or decreased by 0.5% annually the net result for the year would have been reduced / increased by JOD (147,148) during 2018 (2017: JOD 139,952).

Loans and exports guarantee risks

The company guarantees 70% of productive loans to the low and medium income applicants not exceeding JOD (250,000) 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 (1,000,000) 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.

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 (88,769) during 2018 (2017: JOD 88,440).

29 . 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.