الأولى للتمويل
FIRST FINANCE

١- بورصة ٢٤ ش
٢- السيد عبدالله
١٠/٥

الرقم : 2d7/4/127

التاريخ : 2017/5/14

السادة / هيئة الاوراق المالية المحترمين ،،،

عمان ـــ المملكة الاردنية الهاشمية

تحية واحتراماً ،،،

بالاشارة الى كتابكم رقم -/17/00957/1/12 المؤرخ في 2017/4/23 ، والمتضمن طلب تسليم القوائم المالية باللغة الانجليزية قبل تاريخ 15 ايار 2017 ، نرفق لكم طيه القوائم المالية باللغة الانجليزية لشركة الأولى للتمويل للسنة المالية المنتهية في 31 كانون الأول 2016 مع تقرير مدقق الحسابات المستقل ، وللفترة المنتهية في 31 اذار2017 مع تقرير المراجعة لمدقق الحسابات المستقل .

وتفضلوا بقبول فائق الاحترام ،،،

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
١٦ أيار ٢٠١٧
الرقم المتسلسل ١٩٩٧١
رمز الجهة ١٠/١٢ [illegible]

ابراهيم عبدالله أبوخديجة
نائب رئيس مجلس الادارة / المدير العام

الفرع الرئيسي
Main Branch
هاتـف: 06 / 5506740
فاكس: 06 / 5411782

فرع اربد
Irbid Branch
هاتـف: 02 / 7277620
فاكس: 02 / 7277621

فرع الزرقاء
Zarqa Branch
هاتـف: 05 / 3853804
فاكس: 05 / 3853061

فرع الوحدات
Al Wehdat Branch
هاتـف: 06 / 4773222
فاكس: 06 / 4773223

فرع المدينة الرياضية
Al Madenah Al Ryadiah Branch
هاتـف: 06 / 5658777
فاكس: 06 / 5672277

فرع العقبة
Aqaba Branch
هاتـف: 03 / 2018697
فاكس: 03 / 2018698

رأس المال المدفوع: ٣٥,٠٠٠,٠٠٠ دينار اردني

www.ffc.jo | info@ffc.jo

FIRST FINANCE COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN

FINANCIAL STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2016
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT

FIRST FINANCE COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN
FINANCIAL STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2016
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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Deloitte.

Deloitte & Touche (M.E.) - Jordan
Jabal Amman, 5th Circle
190 Zahran Street
P.O.Box 248
Amman 11118, Jordan

Tel : +962 (0) 6 5502200
Fax : +962 (0) 6 5502210
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

AM/32710

To the Shareholders of
First Finance Company
A Public Shareholding Company
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of First Finance Company (Public Shareholding Limited Company) which comprise of the statement of financial position as of December 31, 2016, and the statement of income, other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Explanatory Paragraph
The financial statements ended December 31, 2015, whose figures are shown for comparison purposes, have been audited by another auditor, who issued an unqualified opinion on February 16, 2016.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were most significant 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.

Adequacy of Provision for Accounts Receivable from Financing Activities	Scope of Audit to Address Risks
The provision for the impairment of accounts receivable from financing activities is significant to the financial statements. Its calculation requires the Company's management to perform assumptions and make estimates of the drop in credit ratings and probability of no collection resulting from the deteriorating financial and economic conditions of some debtors as well as inadequate guarantees. Moreover, total receivables from financing credit granted by the Company amounted to JD 42,675,981, representing 68% of the amount of assets as of December 31, 2016. The nature and characteristics of those receivables, assets, and loans granted to the debtors vary from sector to sector. Consequently, the impairment provision calculation methodology varies due to diverse sectors as well as the varied assessments of the related risks.	The performed audit procedures included understanding the nature of accounts receivable from financing activities, examining the internal control system adopted in granting and monitoring the credit, and evaluating the reasonableness of management's estimates of the provision for receivables impairment. In this respect, we have understood the Company's policy for calculating provisions. We also selected and studied a sample of those receivables, performing and non-performing assets at the Company's level, as a whole. In addition, we have evaluated the factors affecting the calculation of the impairment provision such as the available guarantees, customers' solvency, and management's estimates of the expected cash flows. In this regard, we have discussed those factors with executive management to verify the adequacy of the provisions taken as well as recalculated the provisions to be taken for that sample.

Other Information
Management is responsible for the other information. The other information comprises the other information in the annual report excluding the financial statements and the independent auditor's report thereon, which is expected to be made available to us after the date of our audit report.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 disclosure 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.

Deloitte.

- 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 communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard procedures.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
The Company maintains proper accounting records duly organized and in line with the accompanying financial statements. We recommend that the General Assembly of Shareholders approve these financial statements.

Other Matter
The accompanying financial statements are a translation of the statutory financial statements, which are in the Arabic language to which reference is to be made.

Deloitte & Touche

Deloitte & Touche (M.E.) – Jordan
Amman – Jordan
March 15, 2017

Deloitte & Touche (M.E.)
Public Accountants
Amman - Jordan

FIRST FINANCE COMPANY

(A PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN- JORDAN

STATEMENT OF FINANCIAL POSITION

		December 31,	
ASSETS	Note	2016	2015
		JD	JD
Current Assets:			
Cash on hand and at banks	4	3,502,514	4,951,500
Checks under collection	5	5,338,775	-
Accounts receivable from financing activities - Net	6	42,675,981	45,879,217
Financial assets at fair value through statement of income	7	112,114	176,908
Due from brokerage companies		5,279	7,937
Other debit balances	8	2,052,044	2,673,105
		53,686,707	53,688,667
Deferred tax assets	20/d	3,430,863	3,133,786
Financial assets at fair value through other comprehensive income	9	5,194,390	5,437,225
Property and equipment - Net	10	660,869	784,784
Intangible assets-Net		24,446	37,778
TOTAL ASSETS		62,997,275	63,082,240
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Customers' investment accounts	11	9,949,904	9,999,273
Income tax provision	20/a	795,712	774,589
Other credit balances	12	2,769,772	3,028,799
Total Liabilities		13,515,388	13,802,661
Shareholders' Equity:			
Paid-up capital	13	35,000,000	35,000,000
Statutory reserve	13	2,691,970	2,253,280
Special reserve	13	229,851	229,851
Investment evaluation reserve	14	(438,843)	673,027
Retained earnings		11,998,909	11,123,421
Total Shareholders' Equity		49,481,887	49,279,579
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		62,997,275	63,082,240

Chairman of the Board of Directors — General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

FIRST FINANCE COMPANY

(A PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN- JORDAN

STATEMENT OF INCOME

	Note	For the Year End December 31, 2016	2015
		JD	JD
Revenue:			
Revenue from finance	15	5,725,004	6,429,848
Revenue from invesment-Moudaraba		16,039	7,600
Total Joint Revenue		5,741,043	6,437,448
less: Investment accounts owners' share of revenue		(669,846)	(892,348)
Company's shares of revenue		5,071,197	5,545,100
Dividends income from financial assets at fair value through other comprehnsive income		262,448	142,165
(Losses) from valuation of financial assets at fair value through statement of income	16	(64,794)	(86,797)
Other revenue - net	17	775,018	332,539
Surplus in provision for contigent liabilities	12	364,637	700,000
Total Revenue		6,408,506	6,633,007
Expenses:			
Staff cost	18	(839,769)	(876,401)
Other operating expenses	19	(907,196)	(857,257)
Provision for doubtful debts	6	(319,637)	(598,329)
Total expenses		(2,066,602)	(2,331,987)
Profit for the year before tax		4,341,904	4,301,020
Income tax (expense)	20/b	(927,726)	(530,438)
Profit for the year		3,414,178	3,770,582
Earnings per share For the year	21	0,098	0,108

Chairman of the Board of Directors

General Manager

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FIRST FINANCE COMPANY

(A PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN- JORDAN

STATEMENT OF COMPREHENSIVE INCOME

	Note	For the Year Ended December 31, 2016	2015
		JD	JD
Profit for the year		3,414,178	3,770,582
Other comprehensive income items:			
Items not subsequently transferrable to statement of income:			
Losses realized from sale of financial assets at fair value through other comprehensive income		-	(14,274)
Net changes in investment evaluation reserve - net of tax	14	(1,111,870)	(2,694)
Total Comprehensive Income		2,302,308	3,753,614

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FIRST FINANCE COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Paid-up Capital	Reserve Statutory	Reserve Special	Investment Revaluation Reserve ***	Retained Earnings *	Total
		JD	JD	JD	JD	JD	JD
For the Year Ended December 31, 2016							
Balance - beginning of the year		35,000,000	2,253,280	229,851	673,027	11,123,421	49,279,579
Profit for the year		-	-	-	-	3,414,178	3,414,178
Net change in investments valuation reserve - net of tax	14	-	-	-	(1,111,870)	-	(1,111,870)
Total Comprehensive Income		-	-	-	(1,111,870)	3,414,178	2,302,308
Distribution of dividends **		-	-	-	-	(2,100,000)	(2,100,000)
Transferred to statutory reserve	13	-	438,690	-	-	(438,690)	-
Balance - End of the Year		35,000,000	2,691,970	229,851	(438,843)	11,998,909	49,481,887
For the Year Ended December 31, 2015							
Balance - beginning of the year		35,000,000	1,818,678	229,851	649,206	7,828,230	45,525,965
Profit for the year		-	-	-	-	3,770,582	3,770,582
Net change in investments valuation reserve - net of tax	14	-	-	-	(2,694)	-	(2,694)
Transferred to fair value reserve		-	-	-	26,515	(26,515)	-
(Losses) realized from sale of financial assets at fair value through other comprehensive income		-	-	-	-	(14,274)	(14,274)
Total Comprehensive Income		-	-	-	23,821	3,729,793	3,753,614
Transferred to statutory reserve	13	-	434,602	-	-	(434,602)	-
Balance - End of the Year		35,000,000	2,253,280	229,851	673,027	11,123,421	49,279,579

* The balance of retained earnings includes JD 3,430,863, representing deferred tax assets as of December 31, 2016 (JD 3,133,786 as of December 31, 2015). This amount may not be disposed of based on the instructions of the Jordan Securities Commission.

** In its meeting held on February 3, 2016, the Extraordinary General Assembly approved the distribution of cash dividends of JD 2.1 million, representing 6% of the Company's capital of JD 35 million.

*** In accordance with the Jordan Securities Commission's instructions, the Company may not use or distribute JD (438,843) from retained earnings, representing the investment revaluation reserve.

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FIRST FINANCE COMPANY

(A PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN- JORDAN

STATEMENT OF CASH FLOWS

	Note	2016	2015
		FOR THE YEAR ENDED DECEMEBR 31,	
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before tax		4,341,904	4,301,020
Add:			
Depreciation and amortization		177,188	159,646
Net loss from valuation of financial assets at fair value through statement of income	16	64,794	87,568
Losses from sale of Investment land	17	-	278,445
(Gain) from sale of properties and equipment	17	(1,587)	(2,135)
Provision for impairment of financing receivables	6	319,637	598,329
Reversal/ provisions for contingent liabilities	12	(364,637)	(700,000)
Net Cash Flows from Operating Activities before Changes in Working Capital Items		4,537,299	4,722,873
(Increase) in checks under collection		(5,338,775)	-
Decrease in accounts receivable from financing activities-net		2,883,599	4,314,340
Decrease in financial assets at fair value through statement of Income		-	3,148
Decrease in due from brokerage companies		2,658	32,561
Decrease (increase) in other debit balances		621,061	(616,483)
(Decrease) in customers' investment accounts		(49,369)	(5,965,948)
(Decrease) increase in other credit balances		162,941	191,404
Net Cash Flows from Operating Activities before Income Paid Tax		2,819,414	2,681,895
Income tax paid	20/a	(983,316)	(1,414,091)
Net Cash Flows from Operating Activities		1,836,098	1,267,804
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) of financial assets at fair value through other comprehensive income		(1,089,399)	(126,692)
Sale of financial assets at fair value through statement of income		-	138,819
Proceeds from sale of investment land		-	648,546
(Purchase) of property and equipment	10	(53,103)	(149,141)
Proceeds from sale of property and equipment		14,749	5,300
(Purchase) of intangible assets		-	(40,000)
(Paid) from contingent liabilities provision		(57,331)	(110,890)
Net Cash Flows (used in) from Investing Activities		(1,185,084)	365,942
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends distribution		(2,100,000)	-
Net Cash Flows (used in) Financing Activities		(2,100,000)	-
Net (decrease) Increase in cash on hand and at banks		(1,448,986)	1,633,746
Cash on hand and at banks - beginning of the year		4,951,500	3,317,754
Cash on Hand and at Banks - End of the Year	4	3,502,514	4,951,500

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

1. General

a. First Finance Company was established as a public limited shareholding company and registed with the Ministry of Industry and Trade under No. (390). The Company's address is Building No (172), king Abdullah II Street, Khalda P.O Box 144596 Amman, 11814 Jordan. The Company's authorized capital is JD 50 million, which was fully paid on March 5, 2006. In accordance with the resolution of the General Assembly of Shareholders, in its extraordinary meeting of April 14, 2011, and after the approval of the Minister of Industry and Trade on June 22, 2011 in the Controller of Companies' Letter No. M / 1/390 dated June 27, 2011, the Company reduced its authorized and paid-up capital by JD15 million to amortize the accumulated losses. Consequently, the Company's capital has become JD 35 million instead of JD 50 million.

The Company's main objectives are as follows:

- Preforming financing activities for natural and legal persons in accordance with the Sharia (Islamic Law). This includes, for example, direct financing of consumer and durable goods; financing of real estate, including financing of land, housing, buildings and construction; as well as financing the establishment of private and public projects.

- Acting as intermediary between banks, local lending and financing institutions, international and regional development funds and banks, and beneficiaries of the programs of these institutions.

- Managing others' funds in the financial and investment fields for specific fees or shares from the proceeds of such funds.

- Managing property, real estate, and other immovable and movable properties owned by others.

b. Based on the Ministry of Industry and Trade's Letter No. MSh/1/390/19827 dated September 3, 2006, the Company started its work from the date of the Ministry's letter.

- The financial statements were reviewed by the Company's Sharia Supervisory Board on March 13, 2017, and this board issued its report thereon.

- The financial statements were approved by the Company's Board of Directors on February 2, 2017, and are subject to the approval of the General Assembly of Shareholders.

2. Significant Accounting Policies

- Basis of Preparation of the Financial Statements
- The financial statements have been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and in accordance with applicable local laws.

- The financial statements are presented in Jordanian Dinar (JD), which represents the Company's functional currency.

- The financial statements have been prepared according to the historical cost convention except for the financial assets and financial liabilities that are shown at fair value at the date of the financial statements.

- The accounting policies adopted in preparing the financial statements are consistent with those used in preparing the financial statements for the year ended December 31, 2015, except for what is mentioned in note (29/A).

The details of the significant accounting policies adopted are as follows:

Financial Assets at Fair Value Through the Income Statement

- Financial assets at fair value through the income statement represent investments in companies' shares and bonds for trading purposes, the objective of which is to generate profits from fluctuations in short-term market prices or trading margin.

- Financial assets are recognized in the income statement at fair value on the acquisition date (acquisition costs are recognized in the income statement on the acquisition date) and subsequently revalued at fair value. The change in fair value is reflected in the income statement, including changes in fair value arising from translation differences. In case of the sale of these assets or part thereof, the resulting gain or loss is taken to the income statement.

- Distributed dividends are recognized in the income statement.

Financial Assets at Fair Value Through Other Comprehensive Income

- Financial assets at fair value through other comprehensive income represent strategic investments in companies' shares for the purpose of long-term retention and not for trading.

- Financial assets at fair value through other comprehensive income are initially stated at fair value plus costs of acquisition. They are subsequently re-measured to fair value, and the change in fair value appears in the statement of comprehensive income and within shareholders' equity, including the change in fair value resulting from the translation of foreign currency-denominated, non-monetary assets. Gains or losses resulting from the sale of these financial assets, or part of them, are accounted for within the statement of shareholders' equity. The fair value reserve balance of sold instruments is transferred directly to retained earnings and not through the statement of income.

- These assets are not subject to impairment loss testing.

- Distributed dividends are recognized in the income statement.

Accounts Receivable from Financing Activities

- These receivables represent accounts receivable from financing activities, such as Murabaha, Mudaraba, Istisna'a and Musharaka.

- Murabaha receivables are recognized at their par value and are measured at the end of the financial year on the basis of the net realizable cash value.

- When entering into Murabaha contracts, Murabaha is recognized on the accrual basis.

- Deferred sales income (unearned Murabaha revenue) is recognized for a period exceeding the financial year by distributing this income over the future financial years of the term, so that each financial year is allocated its share of the profits.

- Unearned Murabaha revenue is deducted from the amount of receivables in the statement of financial position.

- Mudaraba contracts: partnering in profit of capital and work and is held between the owners of investment accounts (providers of funds) and Mudarib, who declares public acceptance of the funds to invest.

- Investment income is recognized in the income statement under the accrual basis.

Provision for Impairment of Accounts Receivable from Financing Activities

- Collection from customers is conducted according to the payment dates specified in the agreements signed with customers.

- The Company's policy of recognizing impairment losses on receivables from financing activities is as follows:

  - The Company reviews its finance portfolio to evaluate the impairment in its value on a regular basis.

  - Provision is made for impairment in value when there is objective evidence that the Company is unable to collect all due amounts.

  - The amount of the provision is the difference between the carrying amount and the recoverable amount (expected cash flows).

  - Objective evidence implies that receivables from financing activities have been impaired based on one of the following:

    - Breach of contract provisions such as default or late payment of installments.
    - Customers do not pay their due installments regularly.

Recognition of Revenue and Expenses

- Mudaraba income is recognized in the income statement under the accrual basis.

- Murabaha income is recognized using the declining murabaha method over the period of the murabaha contract.

- Dividends paid are recorded in the income statement when realized, (approved by the General Assembly of Shareholders).

- Commissions are recognized in the income statement when earned.

Fair Value of Financial Investments

- The closing prices at the date of the financial statements in active markets represent the fair value of investments in shares with market prices. In case actual prices are not available, trading in some share investments is inactive, or the market is inactive, their fair value is estimated by comparing them with the current market value of a similar financial instrument.

- The valuation methods aim to obtain a fair value that reflects market expectations and take into consideration market factors and any anticipated risks or benefits when estimating the value of share investments. Share investments whose fair value cannot be measured reliably are stated at cost.

Investment in Land

Investment in land are stated at cost and written down to their recoverable amount if their value exceeds the amount expected to be recovered from any of the lands for each investment separately. Moreover, the impairment loss is recognized in the income statement, and the total fair value of the investment land is disclosed at the end of the financial year.

Fixed Assets

- Fixed assets are stated at cost less accumulated depreciation and any impairment in their value. They are depreciated, when ready for use, on a straight-line basis over their estimated useful life, using an annual depreciation rate ranging from 7.5% to 25%.

- When the recoverable amount of any fixed asset is less than its net book value, its carrying amount is reduced to its recoverable amount, and the impairment loss is recognized in the income statement.

- The estimated useful life and depreciation method are reviewed at year - end. In case the expected useful life differs from previously prepared estimates, the change in estimate is recorded in the income statement regularly, being a change in estimate.

Foreign Currency Transactions:

- Transactions in foreign currencies during the fiscal year are stated according to the exchange rates prevailing on the date of the transaction. Assets and liabilities in foreign currencies are converted to Jordanian Dinar at the exchange rates prevailing on the statement of financial position date, and the resulting exchange differences are taken to the statement of income.

Provision

- Provisions are recognized when the Company incurs legal obligations, or obligations arising from past events, and it is probable that cash will be paid to settle these liabilities. The provisions are reviewed and adjusted on the date of the financial statements based on the latest information available to the management.

End-of-Service Indemnity Provision

- Provision for employees' end of service indemnity is calculated in accordance with the Company's regulations which comply with the Jordanian Labor Law.

- Compensations paid to employees who leave service are deducted from end-of-service indemnity provision. Moreover, the required provision for end-of-service indemnities for the year is charged to the statement of income.

Income Tax

- Income tax expenses represent accrued as well as deferred taxes.

- Accrued tax expenses are calculated based on taxable income which is different from that included in the financial statements, as declared income includes tax-exempt income, expenses non-deductible in the fiscal year but deductible in subsequent years, tax-approved losses, or tax- unallowable or tax-deductible items.

- Taxes are calculated according to the tax rates prescribed by the tax laws and regulations enacted in Jordan.

- Deferred tax assets or liabilities 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 on the basis of which taxable income is calculated. Moreover, deferred taxes are calculated according to the tax rates expected to be applied upon the settlement of the tax liability and the realization of deferred tax assets.

- Deferred tax assets or liabilities are reviewed as of the statement of financial position date and are reduced in case they are expected not to be utilized, upon the settlement of tax, wholly or partially.

3 - Accounting Estimates

Preparation of the financial statements and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities, and disclosures relating to contingent liabilities. These estimates and judgments also affect revenues, expenses, and provisions. In particular, management is required to issue significant judgments to assess future cash flows and their timing. The following estimates are based on several assumptions and factors with varying degrees of estimation and uncertainty. Moreover, the actual results may differ from the estimates due to changes resulting from the circumstances and situations of those estimates in the future.

Management believes that the assessments adopted in the financial statements are reasonable. The main estimates are as follows:

- A provision for loans is taken based on assumptions approved by management to determine the required provision in conformity with International Financial Reporting Standards (IFRS).

- The financial period is charged with its portion of income tax in accordance with the prevailing laws, regulations, and International Accounting Standards. Moreover, the required income tax provision is taken.

- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their expected useful lives in the future. Any resulting impairment losses are taken to the statement of income.

- The Company reviews the lawsuits raised against it periodically. This review is performed based on a legal study prepared by the Company's legal advisor. Moreover, the study highlights potential risks that the Company may encounter in the future, and a provision is taken for these lawsuits in the income statement.

- Management estimates impairment in fair value when market prices reach a certain level as an indicator of impairment loss.

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

4. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Cash on hand	398	11,936
Investment deposit at Islamic bank	-	2,000,000
Current account at Islamic bank	1,817,055	2,007,443
Current account at commercial bank	1,685,061	932,121
	3,502,514	4,951,500

5. Checks under Collection

This item represents checks from a customer, a related party, issued on December 19 and 29, 2016, and collected during the first quarter of 2017.

6. Accounts Receivable from Financing Activities - Net

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Finance receivables	66,072,610	71,064,345
Less: Deferred income from financing contracts	(7,985,562)	(10,172,978)
	58,087,048	60,891,367
Less: impairment provision	(13,377,080)	(13,057,443)
Suspended revenue	(2,033,987)	(1,954,707)
	42,675,981	45,879,217

The details of this account according to financing activities are as follows:

	Total accounts receivable as of December 31, 2016	Deferred income as of December 31, 2016	Net accounts receivable as of December 31, 2016	Net accounts receivable as of December 31, 2015
	JD	JD	JD	JD
Issued investment wakala (shares)	9,350,730	-	9,350,730	9,342,334
Murabaha financing-cars	29,185,902	4,460,426	24,725,476	32,561,026
Murabaha financing-real estate	14,313,072	1,660,052	12,653,020	11,753,290
Murabaha financing-companies	10,791,272	1,589,408	9,201,864	5,632,201
Murabaha financing-individuals services	2,431,634	275,676	2,155,958	1,602,516
	66,072,610	7,985,562	58,087,048	60,891,367

Provision for doubtful debts

The movement on the provision for doubtful debts is as follows:

	2016	2015
	JD	JD
Balance - Beginning of the year	13,057,443	12,459,114
Additions	319,637	598,329
Balance - End of the Year	13,377,080	13,057,443

Suspense revenue

The movement on suspended revenue is as follows:

	2016	2015
	JD	JD
Balance - Beginning of the year	1,954,707	1,957,804
Suspended revenue during the year	605,006	630,181
Suspended revenue transferred to revenue	(525,726)	(633,278)
Balance - End of the Year	2,033,987	1,954,707

The Company follows a policy of dealing with creditworthy parties as well as obtaining adequate collaterals, where possible, to mitigate the risk of financial losses arising from non-fulfillment of obligations.

Accounts receivable with a decrease in value of JD 19,231,981 are covered by provisions or guarantees for the full balance as at December 31, 2016 (JD 20,286,875 as of December 31, 2015).

There is a credit concentration of JD 15.4 million, representing 26.6% of total receivables from financing activities, net of deferred revenue. This credit amount is extended to only six customers, and its balance is fully provided for or guaranteed as of December 31, 2016 (JD 14.2 million, representing 23.3% of total receivables from financing activities, net of deferred revenue, granted to only six customers as of December 31, 2015).

7. Financial Assets at Fair Value through Statement of Income

The details of this account are as follows:

	December 31, 2016	December 31, 2015
	JD	JD
Shares listed on Amman Stock Exchange	80,526	141,736
Shares listed on Dubai Stock Exchange	31,588	35,172
	112,114	176,908

8. Other Debit Balances

The details of this account are as follows:

	December 31, 2016	December 31, 2015
	JD	JD
Prepaid expenses *	289,434	342,963
Accrued income	109,259	73,527
Refundable deposits	392,981	1,017,057
Assets seized by the Company against receivables	1,036,060	1,036,060
Deferred bills of acceptance	65,700	89,700
Other receivables	158,610	113,798
	2,052,044	2,673,105

* This item includes rent of the Head Office building paid in advance of JD 197,025 (JD 295,538 as of December 31, 2015).

9. Financial Assets at Fair Value through Other Comprehensive Income

The details of this account are as follows:

	December 31, 2016	December 31, 2015
	JD	JD
Shares listed on Amman Stock Exchange	3,704,146	3,929,706
Foreign listed shares	856,861	908,124
Unquoted shares	633,383	599,395
	5,194,390	5,437,225

- Shares of JD 1,563,100 (JD 1,923,500 as of December 31, 2015) were pledged to the Jordan Kuwait Bank against a ceiling of credits granted to the Company, and so were shares of JD 773,397 (JD 928,212 as of December 31, 2015) to Al Rajhi Bank against a credit ceiling granted to the Company.

- The audited financial statements of some investee companies have been relied on in evaluating these investments, based on different dates no later than December 31, 2015. In the opinion of the Company's management, there is no impairment in value of these investments.

10. Property and Equipment – Net

a. This item consists of the following

2016	Computers Hardware and Software	Furniture and Fixtures	Vehicles	Decorations	Total
	JD	JD	JD	JD	
Cost:					
Balance - beginning of the year	325,534	231,028	133,023	1,151,872	1,841,457
Additions	16,743	1,466	23,000	11,894	53,103
Disposals	-	-	(21,450)	-	(21,450)
Balance - End of the Year	342,277	232,494	134,573	1,163,766	1,873,110
Accumulated depreciation:					
Balance - beginning of the year	252,831	154,371	53,886	595,585	1,056,673
Additions	32,899	23,315	20,169	87,472	163,855
Disposals	-	-	(8,287)	-	(8,287)
Balance - End of the Year	285,730	177,686	65,768	683,057	1,212,241
Net Book Value as of December 31, 2016	56,547	54,808	68,805	480,709	660,869
2015					
Cost:					
Balance - beginning of the year	304,153	208,824	133,723	1,055,316	1,702,016
Additions	21,381	22,204	9,000	96,556	149,141
Disposals	-	-	(9,700)	-	(9,700)
Balance - End of the Year	325,534	231,028	133,023	1,151,872	1,841,457
Accumulated depreciation:					
Balance - beginning of the year	219,690	132,423	40,283	513,388	905,784
Additions	33,141	21,948	20,138	82,197	157,424
Disposals	-	-	(6,535)	-	(6,535)
Balance - End of the Year	252,831	154,371	53,886	595,585	1,056,673
Net Book Value as of December 31, 2015	72,703	76,657	79,137	556,287	784,784
Annual Depreciation Rate %	20 – 25 %	10%	15%	7.5%	-

Fully depreciated property and equipment amounted to JD 230,795 as of December 31, 2016 (JD 169,194 as of December 31, 2015).

11. Customers' Investment Accounts

This item represents the Wakala investments received from customers, for a period from 6 months to 36 months from the deposit date to be invested in the Company's activity. The rate of profit paid to customers according to the investment amount and duration ranges from 4% to 6.75% during the year 2016 (4.75% - 7.25% as of December 31, 2015).

12. Other Credit Balances

The details of this account are as follows:

	December 31,	
	2016	2015
	JD	JD
Suppliers	59,253	27,720
Accrued expenses	10,835	4,377
Accrued dividends	736,703	354,783
Shareholders' refundable deposits	155,193	155,901
Social security withholdings	-	9,509
Income tax withholdings	4,042	3,489
Provision for contingent liabilities *	-	421,968
Payments of guarantees	10,779	4,941
Unearned revenue	1,351,570	1,587,383
Accrued wakala investment profits	290,701	320,362
Board of Directors' remunerations	56,133	60,000
Guarantees redemption	55,023	42,647
Other credit balances	39,540	35,719
	2,769,772	3,028,799

* The movement on the provision is as follows:

	2016	2015
	JD	JD
Balance - beginning of the year	421,968	1,232,858
Paid during the year	(57,331)	(110,890)
Saving during the year	(364,637)	(700,000)
Balance - end of the year	-	421,968

13. Paid-up Share Capital and Reserves

a. Paid-up Share Capital

The Company's authorized and paid-up share capital consists of JD 35 million, divided into 35 million shares as of December 31, 2016 and 2015.

In their meeting held on February 2, 2017, the Board of Directors proposed the distribution of cash dividends of JD 2.1 million, equal to 6% of the Company's share capital of JD 35 million, subject to the approval of the General Assembly of Shareholders.

b. Statutory Reserve

This item represents accumulated appropriations from income before tax at a rate of 10% during the current year and previous years. Moreover, this amount may not to be distributed to shareholders.

c. Special Reserve

This item represents prior years' accumulated appropriations from income for the year before tax at a rate of 10%. This reserve is used for the purposes determined by the Board of Directors, and the General Assembly has the right to distribute it, in whole or in part, as dividends to shareholders.

14. Investment Evaluation Reserve

The movement on this account is as follows:

	2016	2015
	JD	JD
Balance - beginning of the year	673,027	649,206
Net change during the year - net of tax	(1,111,870)	(2,694)
Transfer to fair value reserve	-	26,515
Balance - end of the year	(438,843)	673,027

15. Finance Revenue

This account represents revenue from companies' investments in various financing activities as follows:

	2016	2015
	JD	JD
Financing revenue murabaha - cars	3,383,341	4,541,133
Financing revenue morabaha - real estate	551,469	598,807
Financing revenue morabaha - companies	1,497,867	1,181,676
Financing revenue morabaha- Individuals services	292,327	108,232
	5,725,004	6,429,848

16. (Losses) from Valuation of Financial Assets at Fair Value through Statement of Income

This item consists of the following:

	2016	2015
	JD	JD
Gain from sale of financial assets	-	771
Unrealized evaluation gain	(64,794)	(87,568)
	(64,794)	(86,797)

17. Other Revenue – net

This item consists of the following:

	2016	2015
	JD	JD
Commission income	662,252	489,863
Rent revenue	107,345	107,345
(Losses) on sale of investment land	-	(278,445)
Gain from sale of fixed assets	1,587	2,135
Other revenue	3,834	11,641
	775,018	332,539

18. Staff Cost

This item consists of the following:

	2016	2015
	JD	JD
Salaries, fee, and rewards	749,338	780,933
The Company's social security contributions	68,342	71,405
Medical expenses	22,089	24,063
	839,769	876,401

19. Other Operating Expenses

This item consists of the following:

	2016	2015
	JD	JD
Rent	178,318	182,369
Promoting and advertising	55,622	33,997
Stationery and printing	11,602	13,382
Deprecation and amortization	177,188	159,646
Electricity and water	45,271	48,594
Communication	26,090	34,116
Insurance	12,985	11,168
Fuel	10,159	9,697
Maintenance	22,237	30,308
Cleaning	38,202	36,853
Transportation	6,437	7,783
Travel, transportation and Board of Directors' hospitality	53,658	53,441
Board of Directors' remuneration	45,000	45,000
Fees, licenses, and subscriptions	52,594	35,555
Hospitality	16,421	16,845
Committees fees	3,612	3,707
Legal fees	36,377	30,054
Management and shariaa fees	18,617	19,892
Professional fees	19,990	7,920
Banking services fees	28,037	21,593
Real estate valuation expenses	250	510
Security	12,000	12,000
Marketing and sale brokers commission	14,150	35,141
Other	22,379	7,686
	907,196	857,257

20. Income Tax Provision

a. This item consists of the following:

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Balance - beginning of the year	774,589	1,514,643
Income tax paid	(983,316)	(1,414,091)
Income tax provision for the year	1,004,439	674,037
Balance - End of the Year	795,712	774,589

The Company has reached a final settlement with the Income and Sales Tax Department up to the year 2014. Moreover, the Company submitted its tax return for the year 2015 and paid the due amounts within the legal period. However, the Income and Sales Tax Department has not yet reviewed the Company's operations for those years yet.

The Company has also calculated a provision for income tax for the year 2016. In the opinion of the Company's management and its tax advisor, the provisions recorded in the financial statements as at 31 December 2016 are sufficient to meet the expected tax liabilities.

b. Income tax shown in the income statement is as follows:

	2016	2015
	JD	JD
Accrued income tax on the profits for the year	(1,004,439)	(674,037)
Deferred tax assets during the year	76,713	143,599
Income tax expense	(927,726)	(530,438)

c. The details of deferred tax assets is as follows:

	Deferred tax assets as of December 31,	
	2016	2015
	JD	JD
Provision for doubtful debts	13,377,080	13,057,443
Investment valuation reserve	438,843	-
Balance - End of the Year	13,815,923	13,057,443

d. The movement on deferred tax assets is as follows:

	2016	2015
	JD	JD
Balance - beginning of the year	3,133,786	2,990,187
Addition to provision for doubtful debts	76,713	143,599
Addition from investment valuation reserve	220,364	-
Balance-end of the year	3,430,863	3,133,786

Deferred tax assets of the investment valuation reserve are calculated, with consideration to local investments of 24% and foreign investments of 10%.

21. Earnings Per Share

The details for this items are as follows:

	2016	2015
	JD	JD
Balance - beginning of the year	3,414,178	3,770, 582
Number of shares	35,000,000	35,000,000
Earnings per share for the year	0,098	0,108

22. Balances and Transactions with Related Parties

The details for balances and transactions with related parties during the year are as follows:

December 31, 2016	Executive Management	Company's Employees	Other Related Parties **	Total
Statement of Financial Position Items	JD	JD	JD	JD
Checks under collection	-	-	5,338,775	5,338,775
Accounts receivable from financing activities-net *	19,359	128,544	-	147,903
Customers' investments accounts	-	-	3,388,946	3,388,946
Income Statement Items				
Revenue from financing activities	2,239	11,300	159,602	173,141
Investment accounts owners' share of revenue	-	-	123,518	123,518
Dividends distribution	-	-	177,617	177,617
Murabaha percentage on accounts receivable (5.25%)				
Dividends distribution percentage (4% - 7%)				
December 31, 2015				
Statement of Financial Position Items				
Accounts receivable from financing activities *	3,653	115,957	-	119,610
Due from brokerage companies	-	-	4,267	4,267
Customers' investments accounts	-	-	1,000,000	1,000,000
Income Statement Items				
Revenue from financing activities	721	11,207	-	11,928
Investment accounts owners' share of revenue	1,214	-	369,114	370,328
Dividends distribuation	-	-	116,639	116,639
Murabaha percentage on accounts receivable (4.25%)				
Dividends distribution (4% - 7%)				

* After deducting deferred revenues.

** Other parties include companies partially owned by members and relatives of the Board of Directors.

- The salaries and other remunerations of executive management amounted to JD 304,386 during the year 2016 (JD 336,200 during the year 2015).

23. Risk Management

a. Financial instruments

The Company's principal financial assets are cash, bank balances, checks under collection, investments in financial assets at fair value through the statement of income, financial assets at fair value through other comprehensive income, and accounts receivable from financing activities.

b. Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern and maximize the return to the beneficiaries by optimizing the balance among assets, liabilities and shareholders' equity.

The following table shows the percentage of liabilities to shareholders' equity as of December 31, 2016 and 2015:

	December 31, 2016	December 31, 2015
	JD	JD
Customers' investment accounts	9,949,904	9,999,273
Income tax provision	795,712	774,589
Other credit balances	2,769,772	3,028,799
	13,515,388	13,802,661
Shareholders' equity	49,481,887	49,279,579
Liabilities to shareholders' equity ratio	27%	28%

Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet its commitments. Moreover, the Company manages liquidity risk through keeping adequate reserves and lines of credit and continuously monitoring forecast and actual cash flows.

The Company manages liquidity risks through maintaining adequate reserves, continuously monitoring forecast and actual cash flows, and matching the maturities of financial assets and financial liabilities.

The following table details the contractual maturities of the Company's financial liabilities as at 31 December 2016 and 2015:

Customers' Investment Accounts	One year	More than One year	More than two years	Total
	JD	JD	JD	JD
December 31, 2016	7,830,601	143,000	1,976,303	9,949,904
December 31, 2015	9,285,911	260,000	453,362	9,999,273

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing with only creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Company deposits cash and revenue with reputable and trustworthy financial institutions.

Credit concentration risk arises when customers engage in the same activity or the same geographical area, or have the same economic characteristics. All of this may affect their ability to meet their contractual obligations, as they are affected by the same political and economic changes. Moreover, concentration credit risk represents the Company's sensitivity to the impact on developments affecting a particular industry or geographical area.

There are credit concentrations of approximately JD 15.4 million, representing 26.6% of total receivables from financing activities, after deducting deferred revenue, granted to only six customers and fully covered with provisions or guarantees as of December 31, 2016.

- The following table shows the distribution of the Company's revenues and assets by geographical segment as of December 31, 2016 and 2015:

	Inside the kingdom	Outside the kingdom	Total
December 31, 2016	JD	JD	JD
Total revenue	6,313,516	94,990	6,408,506
Total assets	61,812,873	1,184,402	62,997,275
December 31, 2015			
Total revenue	6,607,482	25,525	6,633,007
Total assets	61,775,240	1,307,000	63,082,240

The following table shows the concentration of the credit exposures of financial assets by geographical segment as at 31 December 2016 and 2015:

	Inside the kingdom	Outside the kingdom	Total
December 31, 2016	JD	JD	JD
Cash on hand and at banks	3,502,514	-	3,502,514
Checks under collection	5,338,775	-	5,338,775
Accounts receivable from financing activities *	42,675,981	-	42,675,981
Financial assets at fair value through income Statement	80,526	31,588	112,114
Due from brokerage companies	-	5,279	5,279
Financial assets at fair value through other comprehensive income	4,046,855	1,147,535	5,194,390
	55,644,651	1,184,402	56,829,053

	Inside the kingdom	Outside the kingdom	Total
December 31, 2015	JD	JD	JD
Cash on hand and at banks	4,951,500	-	4,951,500
Accounts receivable from financing activities *	45,879,217	-	45,879,217
Financial assets at fair value through Income Statement	141,736	35,172	176,908
Due from brokerage companies	7,937	-	7,937
Financial assets at fair value through other comprehensive income	4,238,923	1,198,302	5,437,225
	55,219,313	1,233,474	56,452,787

* After deducting provision for doubtful debts from receivables and deferred revenue.

The following table shows the concentration of the credit exposures of financial assets by economic segment as at 31 December 2016 and 2015:

	Financial	Manufacturing	Services	Total
December 31, 2016	JD	JD	JD	JD
Cash on hand and at banks	3,502,514	-	-	3,502,514
Checks under collection	-	-	5,338,775	5,338,775
Accounts receivable from financing activities *	-	-	42,675,981	42,675,981
Financial assets at fair value through income Statement	45,226	60,413	6,475	112,114
Due from brokerage companies	-	-	5,279	5,279
Financial assets at fair value through other comprehensive income	958,839	-	4,235,551	5,194,390
	4,506,579	60,413	52,262,061	56,829,053

	Financial	Manufacturing	Services	Total
December 31, 2015	JD	JD	JD	JD
Cash on hand and at banks	4,951,500	-	-	4,951,500
Accounts receivable from financing activities *	-	-	45,879,217	45,879,217
Financial assets at fair value through income Statement	67,793	101,854	7,261	176,908
Due from brokerage companies	-	-	7,937	7,937
Financial assets at fair value through other comprehensive income	1,017,389	-	4,419,836	5,437,225
	6,036,682	101,854	50,314,251	56,452,787

* After deducting provision for doubtful debts from receivables and deferred revenue.

Market risk

The Company follows risk management policies within a specific strategy. Moreover, the Company's management controls risk and optimizes the distribution of financial assets and financial liabilities. These risks include interest rate risk, currency exchange risk, and the risk of share price fluctuations.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Risk of change in share prices

Share price risk is the decline in the fair value of shares due to changes in shares indices and changes in the value of individual shares.

The following is the impact of a +5% / -5% change in the financial market index in the financial securities on gains, losses, and shareholders' equity as of the financial statements date:

2016	Change in index	Effects on gains and losses	Effects on shareholders' equity
		JD	JD
Financial market	Increase 5%	5,606	228,050
Financial market	Decrease (5%)	(5,606)	(228,050)

2015	Change in index	Effects on gains and losses	Effects on shareholders' equity
		JD	JD
Financial market	Increase 5%	8,845	241,892
Financial market	Decrease (5%)	(8,845)	(241,892)

Return risk

Return risk is the risk arising from changes in interest rates that affect the Company's future profits. To reduce the impact of return risk, the Company diversifies its assets and matches the maturities of assets and liabilities.

24. Information about the Company's business segments:

The Company operates through two main activities:

1. Financing activities
   Includes following-up on clients and granting them credit.
2. Investment activity
   Includes investment in different financial instruments.

The following table shows the distribution of revenue, assets, and liabilities between those two activities:

	Financing	Investment	Total
December 31, 2016	JD	JD	JD
Total profits	5,818,741	119,956	5,938,697
Investment account owners' share from revenue	(669,846)	-	(669,846)
Not distributed revenue			1,139,655
Not distributed expenses			(2,066,602)
Income before tax			4,341,904
Income tax expense			(927,726)
Profit for the year			3,414,178
Other information			
Segment assets	42,675,981	5,306,504	47,982,485
Not distributed assets			15,014,790
Total			62,997,275
Segment liabilities	9,949,904	-	9,949,904
Not distributed liabilities			3,565,484
Total			13,515,388

	Financing	Investment	Total
December 31, 2015	JD	JD	JD
Total profits	7,137,448	(223,077)	6,914,371
Investment account owners' share from revenue	(892,348)	-	(892,348)
Not distributed revenue			610,984
Not distributed expenses			(2,331,987)
Income before tax			4,301,020
Income tax expense			(530,438)
Profit for the year			3,770,582
Other information			
Segment assets	45,879,217	5,618,400	51,497,617
Not distributed assets			11,584,623
Total			63,082,240
Segment liabilities	9,999,273	-	9,999,273
Not distributed liabilities			3,803,388
Total			13,802,661

25. Analysis of Maturity of Assets and Liabilities:

The following table shows the analysis of assets and liabilities according to the expected period for recovery:

	For One Year	More than One Year	Total
December 31, 2016	JD	JD	JD
Assets			
Cash on hand and at banks	3,502,514	-	3,502,514
Checks under collection	5,338,775	-	5,338,775
Accounts receivable from financing activities *	22,547,566	20,128,415	42,675,981
Due from brokerage companies	5,279	-	5,279
Other debit balances	1,815,376	236,668	2,052,044
Deferred tax assets	-	3,430,863	3,430,863
Financial assets at fair value through statement of income	112,114	-	112,114
Financial assets at fair value through other comprehensive income	-	5,194,390	5,194,390
Intangible assets	-	24,446	24,446
Property and equipment	-	660,869	660,869
Total Assets	33,321,624	29,675,651	62,997,275
Liabilities			
Customers' investment accounts	8,058,471	1,891,433	9,949,904
Income tax provision	795,712	-	795,712
Other credit balances	1,715,829	1,053,943	2,769,772
Total liabilities	10,570,012	2,945,376	13,515,388
Net	22,751,612	26,730,275	49,481,887

* After deducting provision for doubtful debts and deferred revenue.

	For One Year	More than One Year	Total
December 31, 2015	JD	JD	JD
Assets			
Cash on hand and at banks	4,951,500	-	4,951,500
Accounts receivable from financing activities	18,351,687	27,527,530	45,879,217
Due from brokerage companies	7,937	-	7,937
Other debit balances	2,378,764	294,341	2,673,105
Deferred tax assets	-	3,133,786	3,133,786
Financial assets at fair value through income statement	176,908	-	176,908
Financial assets at fair value through comprehensive income	-	5,437,225	5,437,225
Intangible assets	-	37,778	37,778
Property and equipment	-	784,784	784,784
Total Assets	25,866,796	37,215,444	63,082,240
Liabilities			
Customers' investment accounts	9,285,911	713,362	9,999,273
Income tax provision	774,589	-	774,589
Other credit balances	1,551,215	1,477,584	3,028,799
Total Liabilities	11,611,715	2,190,946	13,802,661
Net	14,255,081	35,024,498	49,279,579

* After deducting provision for doubtful debts and deferred revenue.

26. Contingent Liabilities

The Company had contingent liabilities on the financial position date, as follows:

	December 31, 2016	December 31, 2015
	JD	JD
Letters of credit *	370,446	2,570,623
Banks guarantees	332,300	307,300
Less: refundable deposits	(377,825)	(712,651)
	324,921	2,165,272

* Letters of credit represent ceiling for the Company's customers of JD 1,500,000 at Jordan Kuwait Bank and JD 750,000 at Al-Rajhi bank.

27. Fair Value Hierarchy

Fair value of financial assets measured at fair value on a recurring basis

Some of the Company's financial assets are measured at fair value at the end of each financial period. The following table illustrates how the fair values of these financial assets are determined:

Financial Assets	December 31, 2016 Fair Value	December 31, 2015 Fair Value	Fair Value Hierarchy	Valuation Technique	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	JD	JD				
Financial assets at fair value through statement of income:						
Shares with available market prices	112,114	176,908	Level 1	Prices announced at the financial market	Not applicable	Not applicable
Financial assets at fair value through other comprehensive income:						
Shares with available market prices	4,561,007	4,837,830	Level 1	Prices announced at the financial market	Not applicable	Not applicable
Share without available market prices	633,383	599,395	Level 2	Equity method based on the latest audited financial statements	Not applicable	Not applicable
Total financial assets at fair value	5,306,504	5,614,133				

No transfers between Level 1 and Level 2 were made during 2016 and 2015.

b. Fair value of financial assets and financial liabilities not measured at fair value on a recurring basis

Except as detailed in the following table, the Company considers that the carrying amounts of the financial assets and financial liabilities recognized in the financial statements approximate their fair value:

	December 31,				
	2016		2015		
	Book Value	Fair Value	Book Value	Fair Value	Fair Value Hierarchy
	JD	JD	JD	JD	
Financial assets not calculated at fair value:					
Assets seized by the Company against due balances	1,036,060	1,049,000	1,036,060	1,049,000	Level 2
	1,036,060	1,049,000	1,036,060	1,049,000	

28. Legal Cases

- There are lawsuits against the Company of JD 15,890, claiming labor rights. These lawsuits were pending at the Magistrate Court of Amman as of December 31, 2016. In the opinion of the Company's management, no provisions are required against these cases.

- The Company has raised several cases against defaulting customers. These cases amounted to approximately JD 11,683,237 as of December 31, 2016 (JD 12,529,726 as of December 31, 2015).

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

29. a. New and revised IFRSs applied with no material effect on the financial statements:

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2016, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 Regulatory Deferral Accounts.

- Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure Initiative.

- Amendments to IFRS 11 Joint Arrangements relating to accounting for acquisitions of interests in joint operations.

- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation.

- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants.

- Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities.

- Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

29. b. New and revised IFRSs in issue but not yet effective and not early adopted

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 - 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28.	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018, the amendment to IFRS 12 for annual periods beginning on or after January 1, 2017
Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealized losses	January 1, 2017
Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	January 1, 2017
IFRIC 22 *Foreign Currency Transactions and Advance Consideration* The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary.	January 1, 2018
Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions.	January 1, 2018
Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	January 1, 2018

Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	January 1, 2018
Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied
IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)	January 1, 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013, to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39. However, there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised

- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition**: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 15 *Revenue from Contracts with Customers* In May 2015, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: • Step 1: Identify the contract(s) with a customer. • Step 2: Identify the performance obligations in the contract. • Step 3: Determine the transaction price. • Step 4: Allocate the transaction price to the performance obligations in the contract. • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	January 1, 2018
IFRS 16 *Leases* IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	January 1, 2019
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely
Amendments to IFRS 15 *Revenue from Contracts* with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	January 1, 2018

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable, and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16 , may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Company's financial statements for the annual period beginning 1 January 2019.

The application of IFRS 15 and IFRS 9 may have significant impact on the amounts reported and disclosures made in the Company's financial statements in respect of revenue from contracts with customers and the Company's financial assets. Moreover, financial liabilities and the application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of its leases.

However, its not practicable to submit a reasonable assessment of the consequences of applying these standards until the Company conducts a review in this regard.