شركة التسهيلات التجارية الأردنية م.ع.م.

Jordan Trade Facilities Company PLC

نحـن هنـا لنساعـــدك !

Jordan Trade Facilities Company

Annual Report 2015

شركة التسهيلات التجارية الأردنية م.ع.م.

Jordan Trade Facilities Company PLC

نحن هنا لنساعدك !

Annual Report 2015

P.O. Box 941493Amman11194- Jordan, Tel. 5671720 Fax 5672255 Company Registration No. 179

His Majesty King Abdulla II
King of Hashemite Kingdom of Jordan

His Royal Highness
Prince Hussein Bin Abdulla II


شركة التسهيلات التجارية الأردنية م.ع.م
Jordan Trade Facilities Company PLC
52

BOARD MEMBERS

Mr. Mohammad Zaki Al-Masri / Chairman
Representative of Global MENA Financial Assets Limited

Mr. Zakir Hussain Rizvi / Vice-Chairman
Representative of Financial Assets Bahrain WLL

Mr. Talal Algharaballi /Member
Representative of Financial Assets Bahrain WLL

Mr. Abdul Hamid Mohammad Mihrez / Member
Representative of Al Oshroon Co.

Mr. Awni Mahmoud A'mar / Member
Representative of Invest Bank

Dr. Mohammad Husein Abu Nassar / Member
Representative of University of Jordan Investment Fund

Mr. Dirar Ghazi Mohammed / Member
Representative of Financial Assets MENA WLL

Mr. Eyad Mohammad Jarrar
General Manager

Auditor
KPMG

Legal Consultant
Osama Sukari Legal Consultant From: 1/4/2015
Al-Qustas Firm for Legal Consultation (until 31/5/2015)

MESSAGE FROM THE CHAIRMAN

In the Name of God the Merciful the compassionate,,,

Dear Shareholders,

It is an honor and pleasure to welcome you on behalf of myself and the board members to the 35TH General Assembly and to share the annual report about the Company's activities and achievements for the year 2015.
Being the first lending company of its type in Jordan, JOTF was founded in 1983 and, due to the continuous achievements of its objectives and your support, it remained to be a pioneering entity in the consumer lending field.

For the year 2015, JOTF has achieved a net profit of JOD 2,277,777 comparing to JOD 1,479,275 making a 53.9% increase. Total assets reached JOD 39,312,625 at 2015 year end Comparing to JOD 33,677,110 in 2014 with a growth of 16.7%. These positive results have increased the net shareholders equity to JOD 21,391,847 from JOD 20,270,870 in 2014, which reflects the ambitious vision of the management and the correct strategies adopted to deliver positive results.

Dear Respected Shareholders,
We assure you that JOTF's management follows and applies all advanced measures and techniques on the human capital, technology, compliance and service levels to ensure and sustain higher productivity and efficiency to attract and retain customers which will yield to a continuous growth, financial solidarity and higher returns for shareholders.

Finally, I would like to express on my behalf and on behalf of the board members my sincere appreciation and gratitude for all JOTF employees and their efforts and loyalty in serving the Company and its clients. I would also like to thank all our clients and shareholders for their continuous trust and support. Furthermore, the Board of Directors would like to do the following :

1. Review of the minutes of the previous regular general assembly's meeting.
2. Discuss and endorse the report by the Board of the Directors for fiscal year 2015 and the Company's action plan.
3. Listen to the independent external auditor report on the Company for fiscal year 2015.
4. Discuss and endorse the balance sheet, profit and loss statement, distribution statement for the fiscal year ending 31/12/2015
5. Discuss the board's recommendation to distribute JD 1,650,000 as a cash dividend to the shareholders, which equals 10% of the Company's capital.
6. Deem the Chairman and board members as discharged of duties of trust and any liabilities whatsoever and howsoever arising for the year 2015.
7. Elect a new board member.
8. Elect an independent external auditor for the fiscal year 2016.
9. Recommendation to adjust the transportation allowance of the BOD to be JOD 500 per month.
10. Any other issues the General Assembly proposes to include in the agenda, provided such proposal is approved by a number of shareholders who represent no less than 10% of the shares represented in the meeting.

Sincere Regards,

Mohammad Zaki Al Masri
Chairman

Highlights on the Company's main activities, geographical locations, capital investment volume and number of employees:

A. Company's Main Activities

JOTF focuses on Retail lending such as, and not limited to, Personal loans, Car finance, Mortgage and Credit cards, as well as small and medium enterprise loans. Furthermore, Leasing products are among the Company's offering portfolio.

B. the Company's Geographical Locations and Number of Employees per Location

JTFC operates through its branches, which are distributed throughout the Kingdom with total number of 76 employees distributed according to the following:

Geographical Locations	Address	Tel	No. of Employees
Head Office	Abdel Hameed Sharaf St, Bldg52, Al Shemeisani	06-5671720	40
Main Branch	Abdel Hameed Sharaf St, Bldg52, Al Shemeisani	06-5671720	5
Outdoor Sales	Abdullah Bin Masaood St, Bldg 53, Al Shemeisani	06-5655510	8
Al Madina Branch	Near Sport City, Opposite to Sarh Al Shaheed	06-5158816	4
Al Wehdat Branch	Opposite to Al Taiebat Village	06-4735666	5
Al Zarqa Branch	Amman- Al Zarqa Road	05-3968880	5
Erbid Branch	Near Al Qubba Roundabout	02-7255959	5
Al Aqaba Branch	Jordanian Royal Bldg, Opposite To Princess. Haya Hospital	03-2042225	4
Total Number of Employees			76

C. Total shareholders Equity

The Company has a total equity of JD 21,391,847, of which JD 16,500,000 represent the paid-up capital, JD 2,198,036 represent the statuary reserve, JD 2,772,463 represent the retained earnings, and JD (78,652) represent the fair value reserve.

2. Description of subsidiaries, their nature of work and activities

Jordan Trade Facilities Company owns Jordan Facilities Company for finance leasing, which is a limited liability company established in 5/5/2010 with a registered and fully paid in capital of one million Jordanian Dinars; the capital was increased to JD 2 Million in 2013. This company is wholly-owned by JTFC, and its main business activities are leasing commodities such as equipment and fixed assets. The Company currently has 3 employees.

3. Board Members / Senior Managers: Names, Titles and a Brief on Each of Them

BOARD MEMBERS

Mr. Mohammad Zaki Al-Masri / Chairman –Representative of Global MENA Financial Assets Limited

Member since	Date of Birth	Nationality	Educational Qualification
21/3/2011	9/9/1978	Jordanian	B.A. Accounting , 2001
Experience	2005- Present: AVP – Global Investment House- Kuwait. 2001-2005: Financial Auditor, KPMG - Kuwait.		

Mr. Zakir Hussain Rizvi /Deputy Chairman – Representative of Financial Assets, Bahrain, WLL

Member since	Date of Birth	Nationality	Educational Qualification
19/1/2012	18/09/1976	Pakistani	Master's Degree in Economics,1999, Int'l Financing 2003
Experience	2003 – Present: AVP – Global Investment House- Kuwait.		

Mr. Talal Sameer Algharaballi / Member – Represntative of Financial Assets Bahrain, WLL

Member since	Date of Birth	Nationality	Educational Qualification
1/7/2012	20/7/1986	Kuwaiti	B.S. Accounting
Experience	2010 – Present : Investment Manager – Global Investment House -Kuwait.		

Mr. Abdul Hamid Mohammad Mihrez / Member – Representative of Al Oshroon Co.

Member since	Date of Birth	Nationality	Educational Qualification
10/4/2014	3/10/1976	Lebanese	CFA, 2005 – Master Degree, Finance.
Experience	2011 – Present: SVP, Asset Management – Global Investment House - Kuwait. 2010-2011: VP, KIPCO, Asset Management, Kuwait. 2005-2010: FA – Global Investment House – Kuwait. 2003-2005: FA – First Investment Group – Kuwait.		

Mr. / Dirar Ghazi Mohammed / Member – Representative of Financial Assets MENA

Member since	Date of Birth	Nationality	Educational Qualification
5/3/2014	15/2/1981	Canadian	B.A , Business Administration, 2006
Experience	2008 – Present: Manager - Global Investment House, Kuwait. 2007-2008: Rasmaleh Consultant Co. - Kuwait. 2003-2006: FA – Minax Int'l Co. – Kuwait.		

Mr. Awni Mahmoud Diab A'mar/ Member – Representative of Invest Bank

Member since	Date of Birth	Nationality	Educational Qualification
21/3/2011	1/2/1972	Jordanian	Master Degree, Economics & Statistics, 1994
Experience	1997 - Present: Executive Manager - Corporate Credit Department at Invest Bank.		

Dr. Mohammad Husein Abu Nassar / Member – Representative of University of Jordan

Member since	Date of Birth	Nationality	Educational Qualification
1/9/2015	1/8/1961	Jordanian	Ph.D. Accounting 1993
Experience			2012-present: Investment Fund Manager – University of Jordan. 2009 – 2013 : Member of Audit committee in Jadara University. 2005 – present: Proff. in University of Jordan. 2000 – 2005 : Lecturer – University of Jordan. 2000 – 2001 : Lecturer – Arab Amman University. 1999 – 2001 : Assistant Dean – University of Jordan.

BOARD MEMBERS

Dr. Adel Sharaf Al Din Bino / Member – Representative of University of Jordan Investment Fund

Member since	Date of Birth	Nationality	Educational Qualification
23/4/2015 until 6/9/2015	22/9/1972	Jordanian	Ph.D. Financial Economics 2007.
Experience	2014 – Present: Asst. Professor of Financial Management and Acting Director of the FIU funds at the University of Jordan 2010 - 2013: Dean of the Financial Management at the University of Jordan 2008 - 2010: Asst Professor of Finance and Asst. Dean of Student Affairs at the University of Jordan 2007 - 2008: Asst Professor of Finance at the University of Jordan 2006 - 2007: Part-time lecturer in Finance at the University of Louisiana - USA 2004 - 2006: Asst. Lecturer in Economics and Finance at the University of New Orleans - USA 1999 - 2002: Teacher of Financial Management at the University of Jordan 1993 - 1996: Assistant Director of Commercial and Consumer Loans Department at the Housing Bank		

EXECUTIVE MANAGEMENT

Mr. Eyad Mohammad Jarrar / General Manager

Appointment Date	Date of Birth	Nationality	Educational Qualification
2/11/2014	16/11/1971	Jordanian	B.A., Economics
Experience	2014 - Present: General Manager at Jordan Trade Facilities Company 2008 - 2014: Executive Manager – Head of Retail Banking Group at Bank of Jordan. 2007 - 2008: Middle & North Amman District Manager at Arab Bank 1997 - 2007: Vice President - Retail Banking of Sharjah & Northern Emirates at Mashreq Bank psc UAE.		

Mr. Ziad Hussein Husni Saleh / Administrative Manager

Appointment Date	Date of Birth	Nationality	Educational Qualification
21/1/1984	21/1/1962	Jordanian	B.A. in Business Administration
Experience	1984 - Present: Jordan Trade Facilities Company/Administrative manager. 1981 - 1983: Military Consumer Establishment/Accountant.		

Mr. Nahid Ali Mustafa Ashour/ Operations Manager

Appointment Date	Date of Birth	Nationality	Educational Qualification
17/10/2010	28/01/1976	Jordanian	B.A. in Administrative Management - accounting, 1998
Experience	2010 - Present: Jordan Trade Facilities Company/ Operations Manager 2000 - 2010: Al-Ahlieh for microfinance development Company/ GM assistant 1999 - 2000: Ali Baba Company for trading. 1998 - 1999: Sales Employee - Toyota Company – KSA		

Mr. Anton Bandali EliasTannous / Financial Manager

Appointment Date	Date of Birth	Nationality	Educational Qualification
29/07/2013	18/8/1977	Jordanian	(CPA) in 2011 Certified Internal Auditor (CIA) in 2008
Experience	2013 - Present: Jordan Trade Facilities Company - Financial Manager. 2012 - 2013: Salbishian Commercial Company - Financial Controller 2008 - 2011: ANHAM Company - Financial Controller 2007 - 2008: Public Warehousing Company - Ass. Financial Manager 2006: Tantash Company - Internal Auditor 2004 - 2006: Near East Company for investment - Head of Accounting 2003 – 2004: VISA Jordan Company - Internal Auditor 2000 - 2002: Pricewaterhouse Coopers - Senior Assistant Auditor		

4. Statement of Major Owners of Issued Shares by the Company, Number of Shares Owned by Each and Ownership Percentage Comparing to the Previous Year (Who Own 5% and Above):

Name	31/12/2014		31/12/2015	
	Number of Stocks	Share %	Number of Stocks	Share %
Financial Assets Bahrain	6,583,500	39.90%	6,583,500	39.90%
Financial Assets MENA	6,583,500	39.90%	6,583,500	39.90%
Global MENA Financial Assets Limited	1,232,387	7.46%	1,232,387	7.46%
Gembal Holding Company	1,000,998	6.06%	990,998	6.06%

5. Company's Competitive standing within the Sector of its Business Activities, Main Markets and its Share in the Local and International Markets:

The Company operates in the local market, and managed to gain a good market share among competitors. Net sales in 2015 reached JD 16,274,436 resulting from 1,184 different transactions and products such as:

• Auto financing, SMEs, Leasing, Mortgage, Murabaha and Consumer Loans.

6. The Degree of the Company's Reliance in conducting its operations on specific providers and/or clients (locally and internationally).

The Company does not depend on a specific provider and/or main clients whose transaction amounts equal or exceed 10% of the total booking.

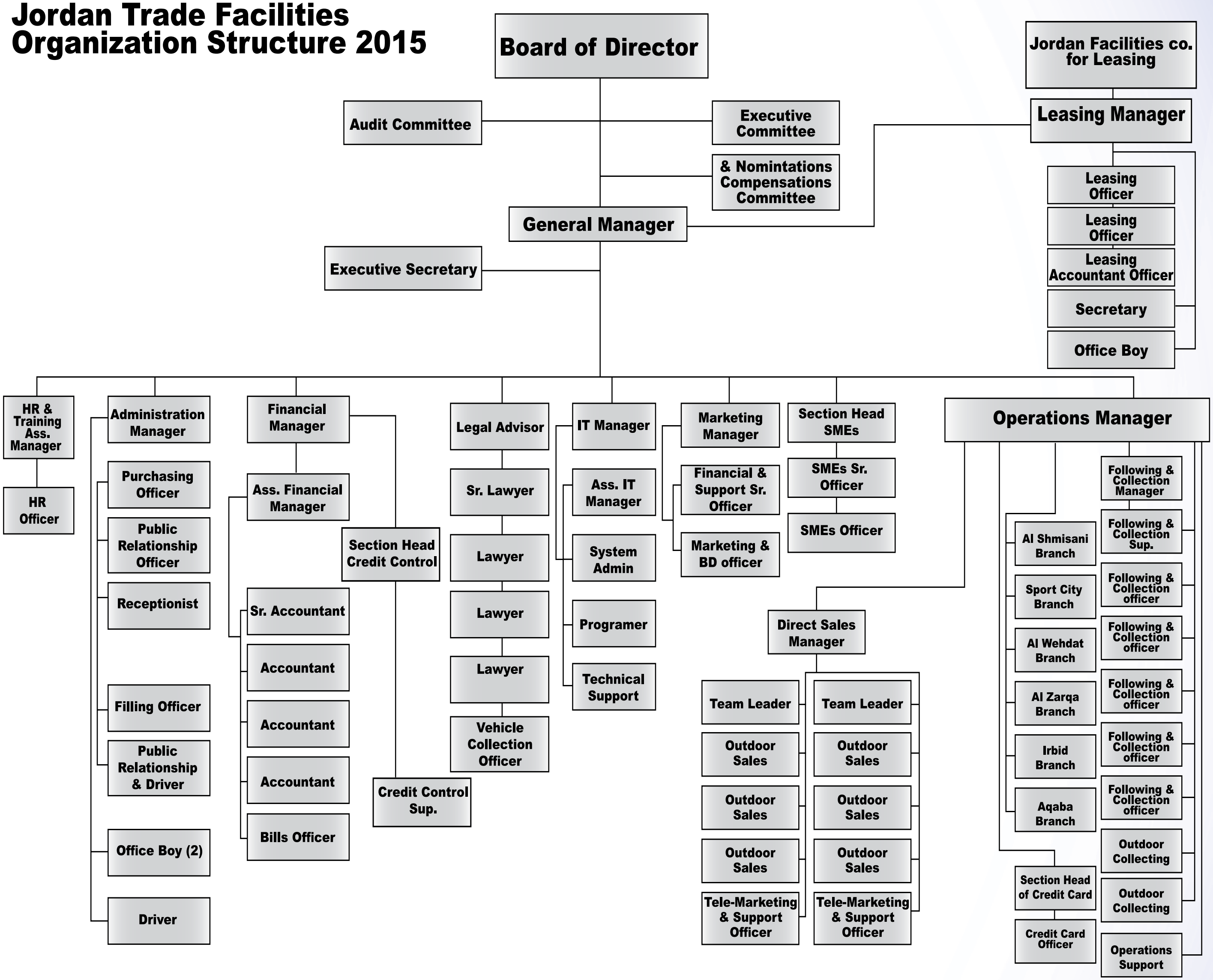
7. Government protection or privileges obtained by the Company or any of its products under laws and regulations or others:

* Under applicable laws, regulations or others, the Company and its products do not have any government protection or any other privileges.
* The Company has not obtained any patents or franchising rights.

8. Decisions issued by the Government, international organizations or any other authority that constituted material effect on the Company's business, its products or competitiveness:

* There are no decisions issued by the Government, international organizations or any other authorities that have material impact on the Company's business or any of its products or competitiveness.
* International Quality Standards do not apply to the Company's business.

Jordan Trade Facilities Organization Structure 2015



At the end of 2015, the number of the Company's employees was (76) compared to (67) in 2014.

B. Employees Categories and Qualifications

Educational Qualification	Categories	No. of Employees
Master's degree	Admin. Employees	1
Bachelor's	Admin. Employees	60
Average Diploma	Admin. Employees	4
Institution	Admin. Employees	1
High School	Admin. Employees	3
High School	General Services	6
Less than High School	General Services	1
Total		76

C. Training Courses

No.	Training Progrgams during 2015	Number of Employees
1	English Language	2
2	Introduction to Credit Analysis	3
3	Credit Control	1
4	Cash Fraud	1
5	SME Risk Control	1
6	Electronic Systems Management	12
	Total	20

10. Risks to which the Company is exposed to:

There are no risks that the Company may be exposed to during the next fiscal year that have any material impact on its operations.

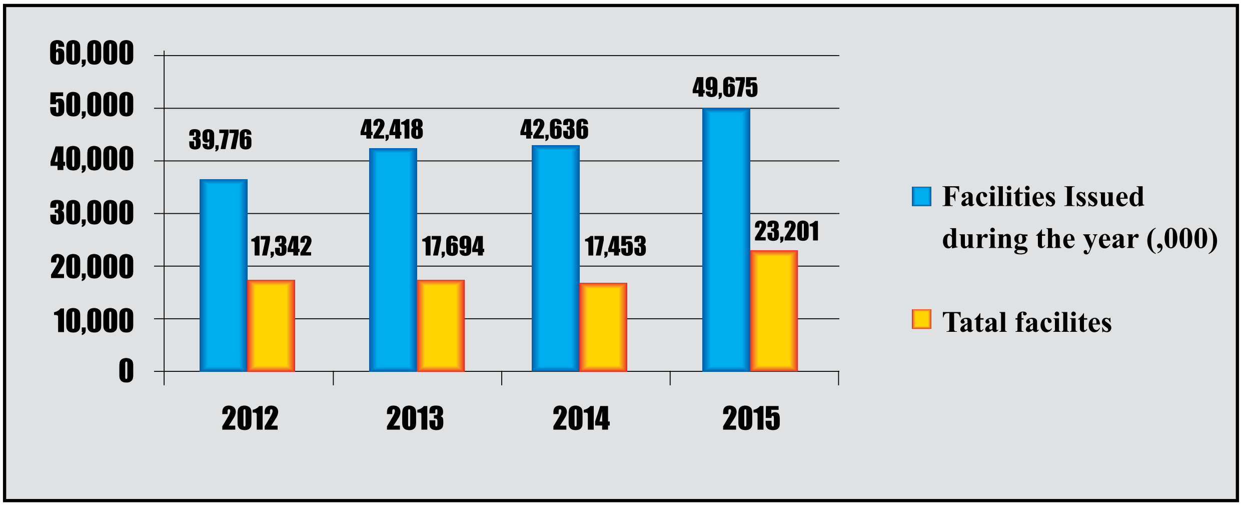
11. Company's achievements and major events during the fiscal year:

- The Board of Directors held six meetings in 2015.
- Launching new unit (Outdoor Sales Unit).
- Introducing new products (Marriage Loan & Banker Loan)
- Moved to a new location for the management & the main branch.
- The Company archived all customer files electronically to regulate its work.
- During the year, the Company has developed electronic systems to ensure smooth and safe environment and to increase efficiency and effective internal control

The following are the details of conventional facilities issued by JOTF and the total facilities portfolio over the last four years (in thousand Dinars):

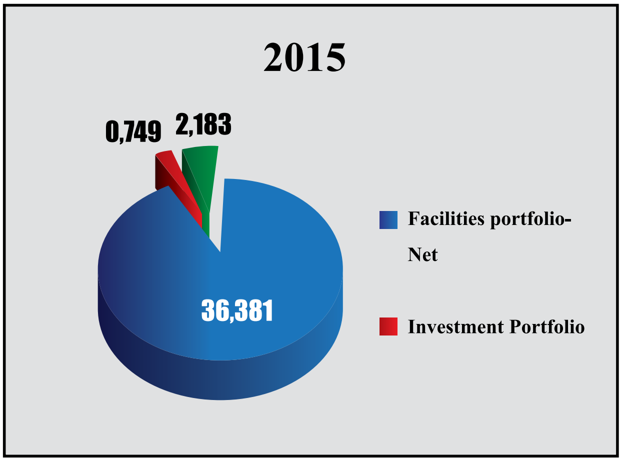
1- Notes receivable

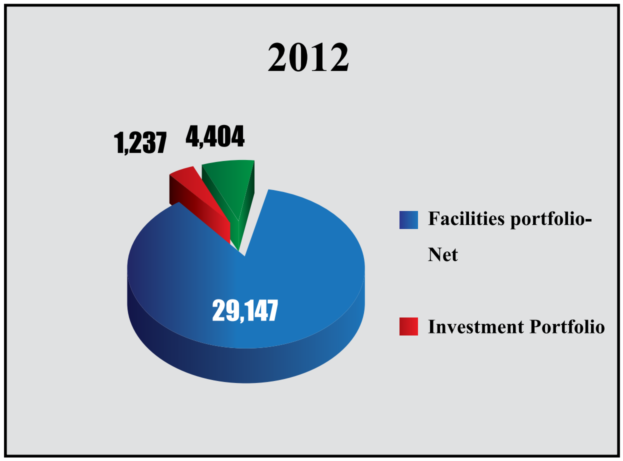
Year	Issued Facilities	Total Facilities
2012	17,342	39,776
2013	17,694	42,418
2014	17,453	42,636
2015	23,201	49,675



The following is detailed description about the company's assets for the past four years in thousands JD:

Year	2012	2013	2014	2015
Facilities portfolio –Net	29,147	30,862	31,031	36,381
Investment portfolio	1,237	1,187	787	749
Other assets	4,404	1,518	1,859	2,183
Total assets	34,788	33,567	33,677	39,313



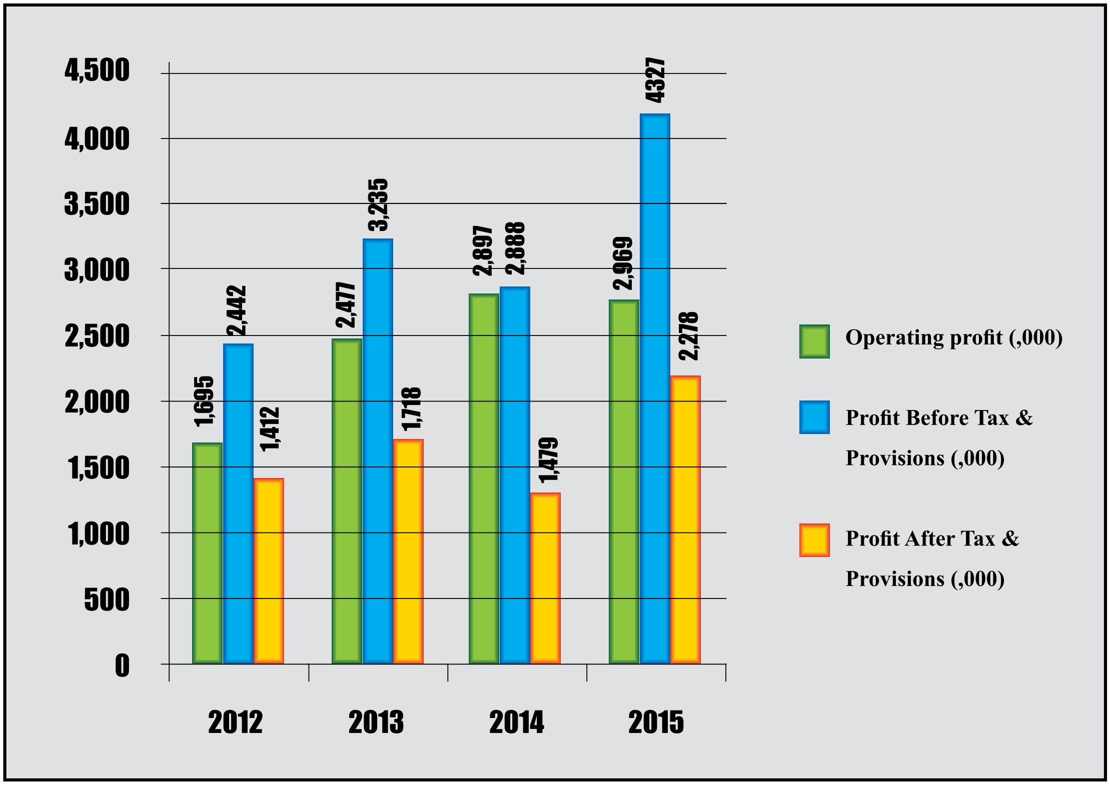


Investment portfolio and its performance over the past four years:

Year	2012	2013	2014	2015
Total investment portfolio	1,237	1,187	787	749
Percentage of total assets	3.6%	3.5%	%2.3	1.9%
Net profit (loss) of the portfolio	(14)	(32)	(17)	4
Return on the investment portfolio %	(1.2)%	(2.3)%	(9)%	0.5%

Profits during the past four years in thousand dinars:

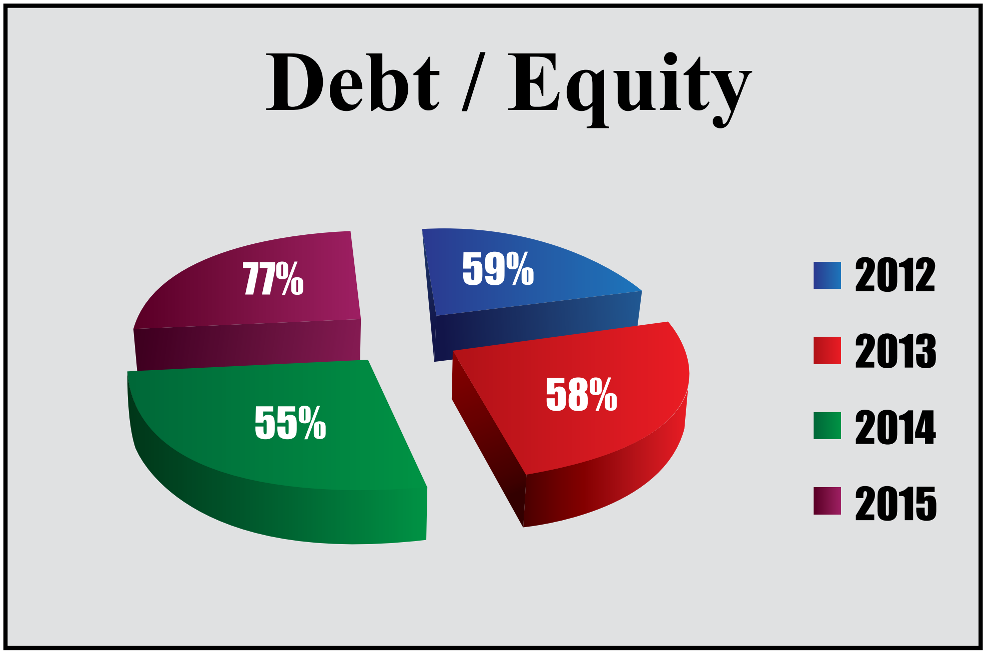
Year	Operating profit	Profit Before Tax & Provisions	Profit After Tax & Provisions
2012	1,695	2,442	1,412
2013	2,477	3,235	1,718
2014	2,823	2,888	1,479
2015	2,969	4,327	2,278



• The Company achieved a net profit before income tax and fees of JD 3,014 K compared to JD 2,776 K in 2014.
• The company has allocated JD 761 K for the income tax for the financial year of 2015.

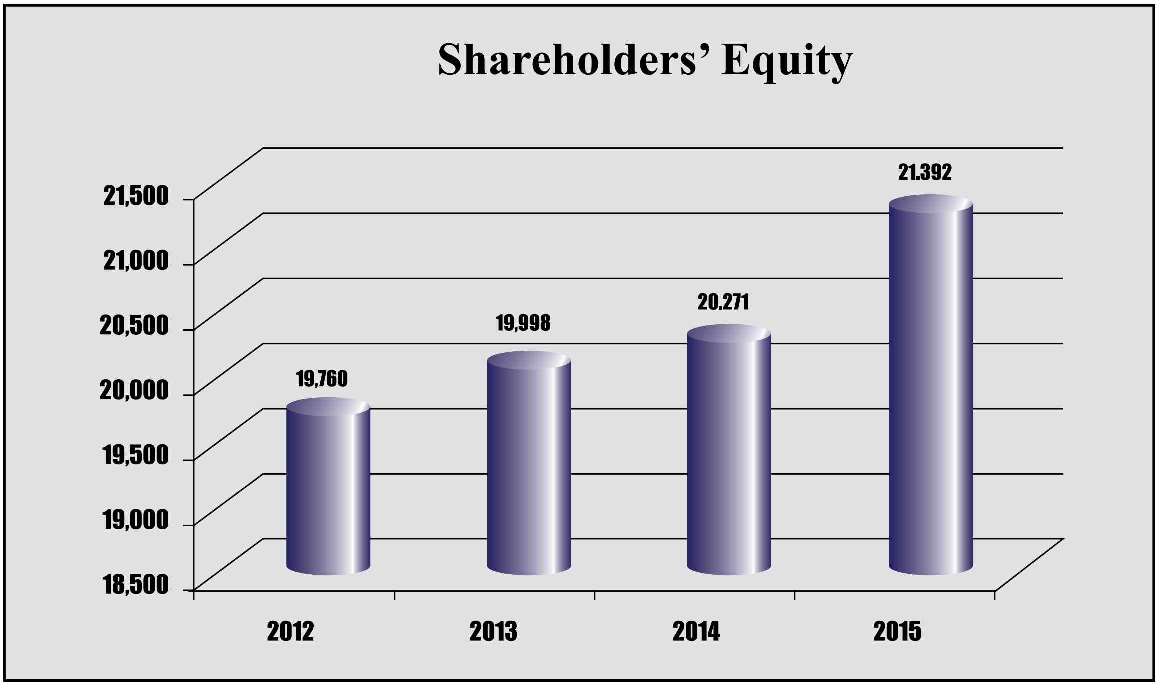
Company's leverage details from 2012 to 2015:

Year	Debt (in thousands)	Shareholders' Equity (in thousands)	Debt/Equity
2012	11,630	19,760	59%
2013	11,544	19,998	58%
2014	11,188	20,271	55%
2015	16,462	21,392	77%



Owners’ Equity and details on profitability from 2012-2015

Year	Shareholders’ Equity (in thousands)	Profit after tax and fees (in thousands)	Return on Equity	EPS
2012	19,760	1,412	7.2%	0.086
2013	19,998	1,718	8.6%	0.104
2014	20,271	1,479	7.3%	0.089
2015	21,392	2,278	10.6%	0.138



12. Financial impact from extraordinary operations occurred during the fiscal year and not included in the Company's main activities

There is no financial impact from any extraordinary operations occurred during the fiscal year.

13. Time series for realized profit and loss, dividends, net shareholders' equity and securities rates throughout the last five years

Year	2011	2012	2013	2014	2015
Net profit before tax and provisions (in thousand Dinars)	1,778	2,442	3,235	3,722	4,034
Net profit after tax and provisions (in thousand Dinars)	1,392	1,412	1,718	1,479	2,278
Dividends (in thousand Dinars)	1,320	1,485	1,072	1,155	-
Net Shareholders' Equity (in thousand Dinars)	19,671	19,760	19,998	20,271	21,392
Price per Share (in Dinar)	1.04	1.04	1.06	0.890	1.380

14. Company's financial standing analysis and business results during the fiscal year

No.	Index	Percentage
1	Stock Turnover	0.001872%
2	Earnings Per Share, Dinar	0,138
3	Return On Investment	5.8%
4	Return On Equity	10.7%
5	Return On Capital	14%

15. Company's developments, future plans and Noard's outlook

Management seeks to develop, diversify and increase productivity to achieve the highest possible returns to shareholders by:

• Possessing the largest share in the domestic market.
• Expanding it's leasing activities through the leasing company owned by the company.
• Diversity in products by introducing new products to interpretate and reach the largest segments of the Jordanian society.
• Developing our human capital by training and coaching.

16. Audit Remunerations

Remuneration for the Company's auditors, KPMG, was JD 13,166.000 inclusive of sales tax.

17. Statement of the number of securities registered in the names of board members, executive personnel, their relatives, relatives of the board members and companies they control compared to last year

- **Board Members**

Name	Nationality	Title	Number of Shares	
			31/12/2014	31/12/2015
Global MENA Financial Assets Limited, represented by: Mr. Mohammad Zaki Al-Masri	The Guernsey Island Jordanian	Chairman	1,232,387 --------	1,232,387 --------
Financial Assets Bahrain WLL, represented by: Mr. Zakir Hussain Ms. Talal Sameer Algharaballi	Bahrain Pakistan Kuwait	Vice Chairman Member	6,583,500 -------- --------	6,583,500 -------- --------
Financial Assets MENA WLL, represented by:: Mr. Dirar Ghazi Mohammed	Bahrain Canada	Member	6,583,500 --------	6,583,500 --------
Al Oshroon Co, represented by: Mr. Abdul Hamid Mohammad Mihrez	Kuwait Lebanon	Member	10,000 --------	10,000 --------
University of Jordan Investment Fund, represented by: Dr.Mohammad Husein Abu Nassar	Jordanian Jordanian	Member	77,000 --------	77,000 --------
Invest Bank, represented by: Mr. Awni Mahmoud Thiab Amar	Jordanian Jordanian	Member	269,597 --------	269,597 --------

• Senior Executive Management

No.	Name	Nationality	Title	Number of Shares	
				31/12/2014	31/12/2015
1	Mr. Eyad Mohammad Jarrar	Jordanian	General Manager	--------	--------
2	Mr. Ziad Hussein Husni Saleh	Jordanian	Administrative Manager	5,500	5,500
3	Mr. Anton Bandali Elias Tannous	Jordanian	Financial Manager	--------	--------
4	Mr. Nahid Ali Mustafa Ashour	Jordanian	Operations Manager	--------	--------

Relatives of the Board Members and Senior Executive Management:

- There are no shares registered in the name of relatives of the board members or in the name of the senior executive management.
- There are no shares registered in the name of companies controlled by any of the board members or of the senior executive management.

18. Benefits, Remunerations and Travel Allowances of the Board Chairman and Members, and Senior Executive Management in 2015

• Benefits, Remunerations and Travel Allowances of the Chairman and Board Members as the following:

Board Member Name	Title	Travel and Transportation Allowance to Board	Remuneration for 2014	Total
Global MENA Financial Assets Limited, represented by: Mr. Mohammad Zaki Al-Masri	Chairman	8,150	5,000	13,150
Financial Assets Bahrain, represented by: Mr. Zakir Hussain	Vice Chairman	5,870	5,000	10,870
Financial Assets Bahrain, represented by: Mr. Talal Sameer Algharaballi	Member	7,500	5,000	12,500
Global Investment House Co. , represented by: Mr. Mohammad Halawani up to 10/4/2014	Member	0,000	1,360	1,360
Mr. Abdul Hamid Mohammad Mihrez from 10/4/2014	Member	4,970	3,640	8,610
Financial Assets MENA, represented by: Mr. Rajiv Nakani up to 5/3/2014	Vice Chairman	0,000	865	865
Financial Assets MENA, represented by: Mr. Dirar Ghazi Mohammed from 5/3/2014	Member	6,760	4,135	10,895
University of Jordan Investment Fund, represented by: Dr. Mamoun Debei up to 7/9/2014 Dr.Adel Sharaf Aldin Bino from 7/9/2014	Member Member	2,700 900	5,000 000	7,700 900
Invest Bank, represented by: Mr. Awni Mahmoud Thiab Amar	Member	3,600	5,000	8,600

* The Executive Management obtained the following salaries and remunerations:

Name	Date of Appointment	Job	Salary	Bonuses	Total
Mr. Eyad M. Jarrar	2/11/2014	General Manager	150,000	--------	150,000
Mr. Ziad Saleh	21/01/1984	Administrative Manager	29,761	4,500	34,261
Mr. Nahid Ashour	17/10/2010	Operations Manager	36,068	5,500	41,568
Mr. Anton Tannous	29/07/2013	Financial Manager	42,275	7,500	49,775
Total					275,604

19. Donations and grants paid by the Company during the fiscal year

The Company did not pay any donations or grants during the fiscal year.

20. Contracts, projects and commitments made by the Company to subsidiaries, sister companies, or with the Chairman, General Manager or any employee at the Company or their relatives

There are no contracts, projects and commitments made by the Company to subsidiaries, sister companies, or with the Chairman, General Manager or any employee at the Company or their relatives.

21. The Company's contribution to environment protection and local community service

A. The Company's contribution to environmental protection:
The company has disposed the outdated files in coordination with the Jordanian eviromental society.

B. The Company's contribution to local community service:
There is no contribution by the Company to local community service.

22. Corporate Governance Rules

The Company complies with corporate governance codes for the PLC companies listed in Amman Stock Exchange for example:

1) The board of directors re-elected the remuneration and nomination committee.
2) The board re-elected an audit committee.
3) The board declared all major issues on time.
4) The Company declared the number of the board of directors' meetings in the annual report.

Acknowledgments

1. The Company's Board of Directors acknowledges that there are no material issues that may affect the Company's continuity during the next fiscal year 2016.
2. The Company's Board of Directors acknowledges its liability towards the preparation of the financial statements and the existence of an effective and adequate internal control system in the Company.
3. We, the undersigned, hereby acknowledge the authenticity, precision and comprehensiveness of the information and data included herein.

Anton Tannous	Eyad Mohammad Jarrar	Mohammad Al-Masri
Financial Manager	General Manager	Chairman of the Board

JORDAN TRADE FACILITIES COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
TOGETHER WITH INDEPENDENT
AUDITOR’S REPORT

Kawasmy & Partners Co.
Amman - Jordan

Shmeisani, Al-Shareef Abdul Hameed Sharaf Str. BLD # 28
Tel : +962 6 5650700
Fax : +962 6 5688598

INDEPENDENT AUDITORS' REPORT

To the General Assembly
Jordan Trade Facilities Company
(Public Shareholding Company)
Amman – Jordan

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Jordan Trade Facilities Company and its subsidiary ("the Group") which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of profit or loss and 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.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing, Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements, The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal

KPMG

control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2015 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis Matter

Without qualifying our opinion, we draw attention to note (26) to the consolidated financial statements which refers to restatement of comparative figures.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records and the accompanying consolidated financial statements are in agreement in all material respects therewith and we recommend the Company's General Assembly to approve these consolidated financial statements.

Kawasmy and Partners
KPMG

KPMG
Kawasmy & Partners Co.

Hatem Kawasmy
License no. (656)

Amman- Jordan
March 10, 2016

JORDAN TRADE FACILITIES COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Jordanian Dinar		As of December 31,		As at January
	Note	**2015**	**2014 (Restated)***	**1, 2014 (Restated)***
Assets				
Cash and cash equivalents	4	282,037	483,689	467,442
Financial assets measured at fair value	5	234,615	248,875	625,164
Financial assets at amortized cost	6	36,381,182	31,030,596	30,678,932
Other debit balances		357,767	199,272	239,488
Investment property	7	514,800	538,200	561,600
Land plots seized against non-performing loans		174,168	46,047	62,712
Property and equipment	8	297,164	264,703	287,315
Intangible assets	9	31,200	62,895	84,913
Deferred tax assets	10	1,039,692	802,833	375,788
Total Assets		**39,312,625**	**33,677,110**	**33,383,354**
Liabilities and Shareholders' Equity				
Liabilities				
Due to banks	11	1,230,140	496,185	1,160,368
Bank loans	12	10,732,161	5,692,271	5,383,415
Payables		247,990	240,907	715,064
Miscellaneous deposits due to others	13	292,352	312,501	383,605
Accrued expenses		96,477	77,863	69,797
Income tax and other provisions	14	821,658	1,586,513	812,860
Bonds	15	4,500,000	5,000,000	5,000,000
Total liabilities		**17,920,778**	**13,406,240**	**13,525,109**
Shareholders' equity				
Paid-up capital	1	16,500,000	16,500,000	16,500,000
Statutory reserve	16	2,198,036	1,896,667	1,695,210
Fair value reserve		(78,652)	(76,852)	(82,702)
Retained earnings		2,772,463	1,951,055	1,745,737
Net Shareholders' Equity		**21,391,847**	**20,270,870**	**19,858,245**
Total Liabilities and Shareholders' Equity		**39,312,625**	**33,677,110**	**33,383,354**

*For the restatement effects see note (26)

The accompanying notes on pages are an integral part of these consolidated financial statements.

JORDAN TRADE FACILITIES COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Jordanian Dinar		**For the year ended December 31,**	
	Note	**2015**	**2014 (Restated)***
Revenues and commissions from conventional, Murabaha and finance leases		6,193,577	5,979,072
Other operating revenues	17	1,011,443	806,126
Total revenues		**7,205,020**	**6,785,198**
Salaries, wages and employees' benefits	18	(1,087,517)	(1,047,208)
Advertising and promotion		(36,555)	(65,986)
Administrative expenses	19	(615,934)	(580,755)
Depreciation and amortization	7,8,9	(162,280)	(192,892)
Impairment losses on financial assets at amortized cost	6	(1,020,565)	(947,993)
Finance expenses		(1,313,364)	(1,127,341)
Total expenses		**(4,236,215)**	**(3,962,175)**
Income from operating activities		**2,968,805**	**2,823,023**
Gain from valuation financial assets at fair value through profit or loss		3,840	49,999
Loss from sale financial assets at fair value through profit or loss		-	(121,804)
Other provision	14,23	-	(835,627)
Other revenues		41,044	24,835
Profit for the year before income tax		**3,013,689**	**1,940,426**
Income tax expense for the year	10	(735,912)	(461,151)
Profit for the year		**2,277,777**	**1,479,275**
Other comprehensive income:			
Items can not be transferred to the profit or loss			
Net change in the fair value of financial assets at fair value through other comprehensive income		(1,800)	5,850
Total comprehensive income for the year		**2,275,977**	**1,485,125**
Basic and diluted earnings per share for the period (JD/Share)	**21**	**0.138**	**0.089**

*For the restatement effects see note (26)

The accompanying notes on pages are an integral part of these consolidated financial statements.

JORDAN TRADE FACILITIES COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Jordanian Dinar	Paid-up Capital	Statutory Reserve	Fair value reserve	Retained Earnings*	Total
Changes for the year ended December 31, 2015					
Balance as at January 1,2015	16,500,000	1,896,667	(76,852)	1,951,055	20,270,870
Profit for the year	-	-	1,800	2,277,777	2,275,977
Transfer to statutory reserve	-	301,369	-	(301,369)	-
Dividends (Note 22)	-	-	-	(1,155,000)	(1,155,000)
Balance as at December 31, 2015	**16,500,000**	2,198,036	**(78,652)**	**2,772,463**	**21,391,847**
Changes for the year ended December 31, 2014					
Balance as at January 1,2014	16,500,000	1,695,210	(82,702)	1,885,125	19,997,633
Impact of restatement on comparative figures (note 26)	-	-	-	(139,388)	(139,388)
Balance as at January 1,2014 (Restated)	**16,500,000**	**1,695,210**	**(82,702)**	**1,745,737**	**19,858,245**
Profit for the year	-	-	5,850	1,479,275	1,485,125
Transfer to statutory reserve	-	201,457	-	(201,457)	-
Dividends (Note 22)	-	-	-	(1,072,500)	(1,072,500)
Balance as at December 31, 2014	**16,500,000**	1,896,667	**(76,852)**	**1,951,055**	**20,270,870**

* The retained earnings as at December 31, 2015 include deferred tax assets of JOD 1,039,692 prohibited from use in accordance with the instructions of Jordanian Securities Commission.

** According to the Jordanian Securities Commission instructions the negative value of the fair value reserve amounting to JOD (78,652) is prohibited from distribution to the shareholders.

The accompanying notes on pages are an integral part of these consolidated financial statements.

JORDAN TRADE FACILITIES COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

Jordanian Dinar		For the year ended December 31,	
Cash flows from operating activities:	**Note**	**2015**	**2014 (Restated)***
Profit for the year before tax		3,013,689	1,940,426
Adjustments for:			
Depreciation and amortization	7,8,9	162,280	192,892
(Gain) loss from valuation financial assets at fair value through profit or loss		(3,840)	(49,999)
Loss from sale financial assets at fair value through profit or loss		-	121,804
(Gain) loss from sale of property and equipment		(33,316)	(1,306)
Losses from intangible assets		-	3,963
Impairment losses on financial assets at amortized cost	7	1,020,565	947,993
Finance expenses		1,313,364	1,127,341
Contingent liabilities provision	15	-	835,627
		5,472,742	**5,118,741**
Change in:			
Financial assets at amortized cost		(6,371,151)	(1,299,657)
Other debit balances		(158,495)	40,216
Financial assets measured at fair value		(2,040)	326,453
Payables		7,083	(474,157)
Accrued expenses		18,615	8,066
Deposits due to the others		(20,149)	(71,104)
Income tax government fees provision		(877,806)	(373,504)
Cash flows (used in) from operating activities		**(1,931,201)**	**3,275,054**
Finance expenses paid		(1,313,364)	(1,127,341)
Income tax paid	10	(917,215)	(576,120)
Net cash (used in) from operating activities		**(4,161,780)**	**1,571,593**
Cash flows from investing activities:			
Acquisition of property and equipment	8	(175,881)	(96,823)
Proceeds from sale of property and equipment		17,174	(394)
Acquisition of intangible assets	9	-	(30,302)
Net cash used in investing activities		**(158,717)**	**(127,519)**
Cash flows from financing activities:			
Loans		5,039,890	308,856
Dividends paid	22	(1,155,000)	(1,072,500)
Bonds		(500,000)	-
Net cash from (used in) financing activities		**3,384,890**	**(763,644)**
Net change in cash and cash equivalents		(935,607)	680,430
Cash and cash equivalents at the beginning of the year	4	(12,496)	(692,926)
Cash and cash equivalents at the end of the year	4	**(948,103)**	**(12,496)**

The accompanying notes on pages are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) GENERAL

A. Jordan Trade Facilities Company was incorporated in accordance with Companies Law no. (13) for the year 1964 as Public Shareholding Company, under no. (179) on March 13, 1983 with a paid up capital of JD 16,500,000 which, as of the date of the consolidated financial statements, has a par value of JD 1 per share. The Company's Head office is located in Al – Shmeisani, Amman – Jordan. The Company and its subsidiary are collectively referred to as "the Group".

The main objectives of the parent company and its subsidiary are:

- Financing long term and consumable commodities.
- Selling and marketing credit cards and prepaid cards.
- Real-estate financing.
- Trading in different commodities, on cash or installment basis.
- Engaging in commercial brokerage, sale and purchase dealings, finance leasing, and financial services.
- Possessing land for the purpose of constructing buildings and residential apartments to be sold directly or through finance leasing.
- Owning lands for rehabilitation, development, splitting, dividing and selling them either directly and / or indirectly through capital leases.
- Owning and managing tourist projects.
- Engaging in advertisement, press, publication and distribution activities.
- Engaging in shipping agency activities.

B. The Company shares are listed on the Amman Stock Exchange.

C. The consolidated financial statements were approved by the Board of Directors on February 11, 2016 which is subject to approval of the general assembly of shareholders.

2) BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

(b) Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except for the financial assets and financial liabilities at amortized cost and financial assets at the fair value through profit or loss and financial assets at the fair value through other comprehensive income.

(c) Functional and presentation currency
The financial statements are presented in Jordanian Dinar, which is the functional currency of the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(d) Use of estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Management discusses with the Company's audit committee the development, selection and disclosure of the Company's critical accounting policies and their application, and assumptions made relating to major estimation uncertainties.

Information about assumptions and estimation that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is disclosed below.

Impairment:

Assets accounted for at amortized cost are evaluated for impairment at each reporting date whether there is objective evidence that the financial assets are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrate that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include financial difficulty of the customer, default or delinquency by a customer, restructuring of the customers receivable by the Company on term that the Company would not otherwise consider, indications that a customer is entering bankruptcy or default in repaying the installments receivable through the due date.

The Company considers the receivables impaired and assesses for specific impairment when a customer default in repaying the fourth installment consecutively. The Board of Directors has adopted a timing rates basis to estimate the specific impairment allowance and taking into account the estimated of the net realizable value of collaterals accepted as security. The estimated value of the collateral is determined based on the average percentage of the actual cash received from the final enforcement over the collateral (with similar model and kind) to initial fair value assessed for the vehicle sold to the customer over the last three years. The estimated value of the collateral is decreased to include the risks of; deterioration, depreciation, uncertainty of the real conditions, and the discounting of the expected future cash received when the collateral is enforced.

For the investment properties and properties acquired from the enforcement of the collateral over the bad debts, the decline in the estimated fair value below the carrying value is objective evidence of impairment. An independent real estate expert carries out fair value assessment.

Tax liabilities:

The current tax liability is estimated based on the judgment of management and its tax advisor of the taxable income using the prevailing tax rate. Regarding the law suit with the tax authorities, the outcome is estimated based on the actual hearing, the discovery proceedings, and the decisions in similar past tax cases. Management receives written expectations from its legal and tax advisor.

Litigation:

Frequently, management performs reviews together with its legal advisors for the lawsuits raised against the company based on a legal study prepared by the Company's legal advisors. This study highlights potential risks that the Company may incur in the future.

Useful life of tangible and intangible assets:

Review is made periodically to reassess the economic useful lives of tangible assets and intangible assets based on the general condition of these assets and the expectation of their useful economic lives in the future.

Management believes that its estimates and judgments are reasonable and adequate.

3) SIGNIFICANT ACCOUNTING POLICIES

a) International Financial Reporting Standard Early Adopted

The Group has adopted early International Financial Reporting Standard IFRS (9) "Financial Instruments" to be applied in the consolidated financial statements for the year beginning 1 January 2011 based on the instructions of Securities Exchange Commission. This standard has mandatory application on January 1, 2018.

The accounting policies applied by the Company in this consolidated financial statements for the year ended December 31, 2015 are the same as those applied by the Company in its consolidated financial statements for the year ended December 31, 2014, except the International Financial Reporting Standards which are effective for annual periods that ending on December 31, 2015 as follows:

- Defined Benefit Plans, Employee Contributions (IAS 19).
- Annual Improvements to IFRSs 2010–2012 cycle in relation to the following standards.
- Annual Improvements to IFRSs 2011–2013 cycle in relation to the following standards.

The application of these new standards is not considered to have a substantial impact to the consolidated financial statements for the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) Basis of consolidation financial statements

The consolidated financial statements contain the financial statements of Jordan Trade Facilities the (Parent company), and its subsidiary, which are subject to its control. Control occurs when the parent company has the ability to control the financial and operating policies of the subsidiary to obtain benefits from its activities. Any Intra – group balances, transactions, revenues and expenses are eliminated in preparing the consolidated financial statements.

The consolidated financial statement prepared for the subsidiary company for the same parent company fiscal year and by use the same accounting policies adopted from the parent company.

The Company has the following subsidiary as of December 31, 2015:

Company Name	Authorized Capital	Paid-up Capital	Acquisition Percentage	Nature of Activity	Operation Country	Date of Acquisition
	JD	JD				
Jordan Facilities for Finance Lease L.L.C	2,000,000	2,000,000	100%	Finance Lease	Amman	2010

The following table represents the financial position and financial performance for the subsidiary company as of December 31, 2015, 2014:

	December 31,2015			
Jordanian Dinar	**Total Assets**	**Total Liabilities**	**Total revenue**	**Profit for the year**
Jordan Facilities for Finance Lease	5,176,186	2,468,182	643,599	328,456

	December 31,2014			
Jordanian Dinar	**Total Assets**	**Total Liabilities**	**Total revenue**	**Profit for the year**
Jordan Facilities for Finance Lease	2,503,091	123,543	485,089	219,163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The results of the subsidiary are consolidated in the consolidated statement of profit or loss and other comprehensive income at the date of acquisition, which is the date that actual control is obtained over the subsidiary.
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Any gain on bargain purchases is recognized in consolidated statement of profit or loss and other comprehensive income immediately. Transactions costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognized in the consolidated statement of profit or loss and other comprehensive income.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the consolidated statement of profit or loss and other comprehensive income.

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the statement of income.

Balances, transactions and unrealized profits and expenses resulted from transactions within the group are eliminated when preparing these consolidated financial statements.

c) Financial instruments

• Financial assets and liabilities at amortized cost

i- Financial assets

Financial assets are held within the Group in order to collect contractual cash flows, which represent payments of principal and interest on the principal amount outstanding with fixed or determinable payments that are not quoted in an active market and the Group does not intend to sell immediately or in the near term.

When purchasing these assets they are recognized at cost plus acquisition costs, where premium / discount are amortized using the effective interest method, recording or to the interest account, where any provisions resulted from the impairment in its amount leads to the inability to recover the principal or part of it are deducted, any impairment in its amount to be recognized at the consolidated statement of profit or loss and other comprehensive income.

The impairment amount in the value of these assets represents the difference between the value recorded at the books and the present value of the expected discounted cash flows at the original effective interest rate.

Financial assets at amortized cost include: cash and cash equivalents, receivables, installment receivables, finance lease receivables and credit cards loans.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method. Regarding the finance lease receivables when the group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental top ownership of the asset to the lessee the arrangements is classified as a finance lease and receivable equal to the net investment in the lease is recognized and presented within loans and advances.
Financial assets should not be reclassified from / to this item except for when the purpose and the way of managing the financial assets is changed.

ii- Financial liabilities

The financial liabilities of the group which are presented at amortized cost include due to banks, loans, bonds and other liabilities.

• Financial assets at fair value through profit or loss

These are financial assets acquired by the Group with the objective of resale in the near future and to make profits from short-term market price fluctuations or margin trading profits.

When purchasing these assets they are recognized at fair value (acquisition expenses are recognized in the income statement when purchasing) to be revalued later at fair value. The change in fair value appears in the statement of income including the change in fair value resulting from the differences in conversion of non-monetary assets items in foreign currencies. In the case of selling such assets or part thereof, profits or losses are recorded in the statement of income.

Dividends or interest earned are recognized in the consolidated statement of profit or loss and other comprehensive income.

Financial assets should not be reclassified from / to this item except for when the purpose and the way of managing the financial assets is changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- **Financial assets at fair value through other comprehensive income**

These assets represent investments in equity instruments with the intention to keep them as a strategic investment for long term.

When purchasing these assets they are recognized at fair value including acquisition expenses then to be re-evaluated later at fair value, where changes in the fair value appears in the consolidated statement of profit or loss and other comprehensive income and owners equity including the change in fair value resulting from the differences in conversion of non-monetary assets items in foreign currencies, in case of selling such assets or part thereof profits or losses to be recorded in the consolidated statement of profit or loss and other comprehensive income and owners equity where the valuation reserve balance of the sold assets should be directly transferred to the retained earnings and losses and not through the consolidated statement of profit or loss and other comprehensive income.

These assets are not subject to impairment loss testing. Dividends are recorded as a separate line item in the consolidated statement of profit or loss and other comprehensive income.

Financial assets at amortized cost include cash and cash equivalents, receivables, installments receivable, finance lease receivables and credit cards loans.

d) Property and equipment

- Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the property and equipment. Borrowing costs related to the acquisition or constriction of qualifying assets are capitalized as incurred.

When parts of an item of property and equipment have different useful lives, they are accounted for as separated items of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within the consolidated statement of profit or loss and other comprehensive income.

- Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The costs of the day – to – day servicing of property and equipment are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred.

- Depreciation

Depreciation expense is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight – line basis over the estimated useful life of each part of an item of property and equipment.

The depreciation percentages of property and equipment for the current and previous year are as follows:

	Percentage of depreciation	
	2015	**2014**
	%	%
Furniture and fixtures	20	20
Tools, office machinery and computer equipment	15	15
Decorations	20	20
Vehicles	15	15

At each financial year-end, the Group reviews the depreciation methods, useful lives and remaining amounts and are adjusted if necessary.

e) Intangible assets

Intangible assets that are acquired other than through acquisition are recognized at cost less accumulated amortization and accumulated impairment losses.

Intangible assets, which have finite useful lives, are amortized over their useful lives. Amortization is recognized in the consolidated statement of profit or loss and other comprehensive income, however, intangible assets with indefinite useful lives should not be amortized and are required to be tested for impairment as of the date the consolidated financial statement. Impairment loss shall be recognized in the consolidated statement of profit or loss and other comprehensive income.

Intangible assets arising from company operation are not capitalized and should be recognized in the consolidated statement of profit or loss and other comprehensive income when incurred.

Intangible assets are assessed at each consolidated reporting date to determine whether there is any objective evidence that they are impaired. The useful lives of the intangible asset are annually reassessed and any adjustments identified are recognized in the subsequent years.

- Amortization

Amortization expense is recognized in the consolidated statement of profit or loss and other comprehensive income, where the company depreciates this asset by its estimated useful lives for each item in intangible assets.

The amortization rates of intangible assets for the current and previous year are as follows:

	Percentage of amortization	
	2015	**2014**
	%	%
Computer programs	25	25
Website	25	25

f) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- Non-financial assets:

The carrying amounts of the group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

All impairment losses are recognized in the consolidated statement of profit or loss and other comprehensive income.

g) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are recognized initially at cost. Their fair values are disclosed in the notes to the consolidated financial statements. Investment properties are revalued annually by independent real-estate experts based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

Depreciation

Depreciation expense is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight – line basis using a rate of 4%.

h) Revenue recognition

Interest income is recognized in the statement of income using the effective interest method. The effective interest method is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The calculation of the effective interest rate includes all transaction cost and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income on bank deposits are recognized on timely basis in which it's reflect the actual income over assets.

Other revenue recognized on accrual basis.

i) Foreign currency transactions

Transactions in foreign currencies during the year are translated at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jordanian Dinar at the exchange rate at that date.

The foreign currency gain (loss) on monetary items is the difference between amortized cost in Jordanian Dinar at the beginning of the year, adjusted for effective interest rate and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Jordanian Dinar at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in the consolidated statement of profit or loss and other comprehensive income.

j) Fair value

Fair values represent the amount with which an asset could be exchanged, or a liability settled, in a transaction between knowledgeable, willing parties in an arm's length transaction.

The closing prices (purchase of assets \ sale of liabilities) on consolidated financial statements date in effective markets, represents the fair value of financial assets and liabilities that have market prices.

In the absence of quoted prices or lack of active trading of some financial assets or the in absence of an active market, fair value is determined by comparing with current market value of financial instrument, or by using the discounted future cash flows discounted at the rate of similar financial instrument or by use the net assets value method of investments.

k) Offsetting

Financial liabilities are set off against financial assets, and the net amount is shown in the consolidated financial position only when the obliging legal rights are available and when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

l) Date of recognition of financial assets

Purchase and sale of financial assets are recognized on the trading date (date when company commitment to sell or buy financial assets)

m) Provisions

A provision is recognized in the consolidated statement of financial position when the company has a present obligation (legal or constructive) as result of a past event, it is probable that an outflow economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

n) Finance expenses

Finance expenses comprise interest expense on borrowings. All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the consolidated statement of profit or loss and other comprehensive income using the effective interest method.

o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of income except to the extent that it relates to a business combination, or items recognized directly in equity or in other consolidated comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the consolidated reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets is calculated at the tax rate of 24%.

Current tax payable is calculated at the tax rate of 24% in accordance with prevailing income tax law in Jordan.

p) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

q) New standards and interpretations not yet adopted

A number of new standards, amendments and improvements to standards and interpretations are effective for annual periods beginning after January 1, 2016, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group, is set out below.

New standards

- IFRS 14 Regulatory Deferral Accounts (effective on the year 2016).
- IFRS 15 Revenue from Contracts with Customers (effective on the year 2017).
- IFRS 9 Financial Instruments (effective on the year 2018).
- IFRS 16 Leases Contracts (effective on the year 2019).

Amendments

- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities Applying the consolidation exception. (effective from 2016)

- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (effective from 2016)
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization (effective from 2016)
- Amendments to IAS 16 and 41: Bearer plants (effective from 2016)
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture (effective from 2016)
- Amendments to IAS 27: Equity method in separate financial statements (effective from 2016)
- Amendments to IAS 1 (effective from 2016)

Improvements

- Annual Improvements to IFRSs 2012–2014 cycle (effective from 2016)

4) CASH AND CASH EQUIVALENTS

	As at December 31,	
Jordanian Dinar	**2015**	**2014**
Cash on hand	27,961	14,151
Cash at banks – current accounts	254,076	153,703
Cash at banks – deposits*	-	315,835
Cash and Cash Equivalents	**282,037**	**483,689**
Due to banks	(1,230,140)	(496,185)
Cash and Cash Equivalents for statement cash flow purpose	**(948,103)**	**(12,496)**

* These deposits mature within one month and bear an interest rate of 5% for the year 2014.

5) FINANCIAL ASSETS MEASURED AT FAIR VALUE

	As at December 31,	
Jordanian Dinar	**2015**	**2014**
A-Financial assets measured at fair value through profit or loss		
Companies shares inside the Kingdom	47,140	43,300
Investment units- outside the Kingdom*	170,825	187,125
	217,965	**230,425**
B-Financial assets measured at fair value through other comprehensive income		
Companies shares inside the Kingdom	16,650	18,450
	16,650	**18,450**
Total (A+B)	**234,615**	**248,875**
Current	63,790	61,750
Non-current	170,825	187,125
	234,615	**248,875**

* Financial assets measured at fair value through profit and loss include shares of Al Waseelah company. The cost of this investment amounted to JD 529,200 and a full provision has been taken against this investment value.

6) FINANCIAL ASSETS AT AMORTIZED COST

This item contains the following items:

	As at December 31,	
Jordanian Dinar	**2015**	**2014**
Installments receivable (Restated*) (A)	31,170,842	28,779,205
Finance lease contracts receivable (B)	4,920,581	2,125,954
Customers loans- credit cards	289,759	125,437
	36,381,182	**31,030,596**

*For the restatement effects see note (26)

A-Installments receivable

Installments receivable represent the installments due from the Company's customers arising from financing of vehicles and real estate contracts, which includes the original finance principal in addition to the murabaha amount. Installment receivable balances as at 31 December were as follows:

	As at December 31,	
Jordanian Dinar	**2015**	**2014**
Due and past due installments receivable	5,225,091	4,021,403
Mature within less than a year	13,148,471	12,247,159
Mature within more than a year and less than five years	24,715,118	22,900,313
	43,088,680	**39,168,875**
Less : Provision for impairment on the overdue installments receivable*	(4,095,966)	(3,152,674)
Less: Deferred revenue related to unmeasured installments	(7,821,872)	(7,236,996)
	31,170,842	**28,779,205**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Some installments receivable amounted to JOD 14,952,876 for year 2015 (2014: JOD 7,735,570) are deposited as guarantees against credit facilities granted to the Company by local banks.

*The movement on provision for impairment in overdue installments receivable during the year was as follows:

Jordanian Dinar	**2015**	**2014**
Balance at the beginning of the year	(3,152,674)	(2,651,245)
Addition during the year	(2,498,040)	(1,593,112)
Reversal during the year	1,549,113	804,627
Bad debts written off during the year	5,635	287,056
	(4,095,966)	**(3,152,674)**

The aging schedule of the overdue installment receivable is as follows:

	December 31,2015		**December 31, 2014**	
Jordanian Dinar	**Overdue installments receivable**	**Total installments receivable**	**Overdue installments receivable**	**Total installments receivable**
Not accrued installments receivable	-	29,101,584	-	26,718,708
1-3 months	523,503	7,282,334	490,389	5,790,282
4-6 months	150,442	730,604	206,194	1,367,653
7-9 months	152,644	586,809	441,931	834,208
10-12 months	340,039	852,654	52,606	527,456
More than 12 months	3,033,998	4,534,695	2,223,544	3,930,568
	4,200,626	**43,088,680**	**3,414,664**	**39,168,875**

The balance of installments receivable against which the Company has filed legal cases in order to recover the unpaid and overdue amounts was as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Jordanian Dinar	December 31,2015		December 31,2014	
	Total installments receivable balance	Overdue installments receivable	Total installments receivable balance	Overdue installments receivable
Clients balances-legal cases	7,292,744	3,701,713	6,421,307	2,895,991
	7,292,744	**3,701,713**	**6,421,307**	**2,895,991**

Management and legal consultant believe that all receivables are recoverable with law case. The company holds real estate and vehicles as collateral, which covered these receivables.

B-Finance lease contract receivables

Jordanian Dinar	As at December 31,	
	2015	2014
Finance lease contracts receivable – mature within a year	925,441	528,511
Finance lease contracts receivable – mature after more than a year	3,995,140	1,597,443
	4,920,581	**2,125,954**

- The Company is leasing out real estate with an average term period of 8.5 years.

- The following table analyzes the maturity periods of finance lease contracts receivable:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Jordanian Dinar	As at December 31, 2015	2014
Mature during less than a year	1,577,933	912,038
Mature during more than a year and less than five year	4,136,605	1,631,479
Mature during more than five year	872,056	922,852
	6,586,594	**3,466,369**
Less: Impairment provision of finance lease contract*	(213,130)	(159,508)
Deferred revenue	(1,452,883)	(1,180,907)
	4,920,581	**2,125,954**

* The movement on provision for impairment of finance lease contract during the year was as follows:

Jordanian Dinar	2015	2014
Balance at the beginning of the year	(159,508)	-
Addition during the year	(71,637)	(159,508)
Recovered during the year	18,015	-
	(213,130)	**(159,508)**

The following table shows the age of receivables finance leases:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Jordanian Dinar	December 31,2015 Overdue Installments Receivable	December 31,2015 Total balance	December 31, 2014 Overdue Installments Receivable	December 31, 2014 Total balance
Not accrued installments receivable	-	5,376,619	-	2,616,580
1-3 months	24,671	885,878	5,654	452,059
4-6 months	7,500	169,818	-	-
7-9 months	5,483	73,892	-	-
10-12 months	13,193	80,387	33,334	397,730
More than 12 months	-	-	-	-
	50,847	**6,586,594**	**38,988**	**3,466,369**

7) INVESTMENT PROPERTY

Jordanian Dinar	As at December 31, 2015	2014
Cost		
Cost	585,000	585,000
Balance at end of the year	**585,000**	**585,000**
Accumulated depreciation		
Balance at the beginning of the year	(46,800)	(23,400)
Depreciation during the year	(23,400)	(23,400)
Balance at end of the year	**(70,200)**	**(46,800)**
Net book value	**514,800**	**538,200**

This item represents payments on acquiring investment property based on the agreements signed between the Company and Tameer International Company during 2009, by which 24 residential units in Al-Majd City Housing Project has been allocated to the Company. The fair value at the date of the consolidated financial statements for investment property as assessed by an independent expert was JOD 593,840 for years 2015, 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8) PROPERTY AND EQUIPMENT

Jordanian Dinar	Furniture and Fixture	Tools, Office machine and Computer	Decorations	Vehicles	Total
December 31, 2015					
Cost	77,593	191,913	378,143	130,500	778,149
Balance as at January 1, 2015	23,959	31,286	120,636	-	175,881
Additions	-	(8,224)	(10,040)	(46,000)	(64,264)
Disposals					
Balance as at December 31, 2015	**101,552**	**214,975**	**488,739**	**84,500**	**889,766**
Accumulated Depreciation					
Balance as at January 1, 2015	58,705	125,119	299,187	30,435	513,446
Depreciation for the year	11,002	23,177	62,024	10,985	107,188
Disposals	-	(3,882)	(3,990)	(20,160)	(28,032)
Balance as at December 31, 2015	**69,707**	**144,414**	**357,221**	**21,260**	**592,602**
Net book value as at December 31, 2015	**31,845**	**70,561**	**131,518**	**63,240**	**297,164**
December 31, 2014					
Cost					
Balance as at January 1, 2014	74,260	174,503	371,698	71,500	691,961
Additions	10,745	20,633	6,445	59,000	96,823
Disposals	(7,412)	(3,223)	-	-	(10,635)
Balance as at December 31, 2014	**77,593**	**191,913**	**378,143**	**130,500**	**778,149**
Accumulated Depreciation					
Balance as at January 1, 2014	50,957	100,270	235,184	18,235	404,646
Depreciation for the year	16,271	28,661	64,003	12,200	121,135
Disposals	(8,523)	(3,812)	-	-	(12,335)
Balance as at December 31, 2014	**58,705**	**125,119**	**299,187**	**30,435**	**513,446**
Net book value as at December 31, 2014	**18,888**	**66,794**	**78,956**	**100,065**	**264,703**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9) INTANGIBLE ASSETS

Movement on intangible assets (computer programs and web site) during the year was as follows:

	As at December 31,	
Jordanian Dinar	**2015**	**2014**
Cost		
Balance at the beginning of the year	234,781	209,119
Additions	-	30,302
Disposals	(6,890)	(4,640)
Balance at the end of the year	**227,891**	**234,781**
Accumulated Amortization		
Balance at the beginning of the year	171,886	124,206
Amortization for the year	31,692	48,357
Disposals	(6,887)	(677)
Balance at the end of the year	**196,691**	**171,886**
Net book value	**31,200**	**62,895**

10) INCOME TAX

Movements on temporary timing differences arising from the non - deductible tax differences were as follows:

Items include	**Balance at the beginning of the year**	**Additions**	**Released amounts**	**Balance at the end of the year**	**Deferred tax assets as of December 31, 2015**
Jordanian Dinar					
Provision for impairments in overdue installment receivable	3,312,182	2,569,677	(1,572,763)	4,309,096	1,034,183
Legal provision	32,956	-	(10,000)	22,956	5,509
	3,345,138	**2,569,677**	**(1,582,763)**	**4,332,052**	**1,039,692**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Items include	Balance at the beginning of the year	Additions	Released amounts	Balance at the end of the year	Deferred tax assets as of December 31, 2014
Jordanian Dinar					
Provision for impairment in overdue installment receivable	2,651,245	1,752,620	(1,091,683)	3,312,182	794,924
Legal provision	32,956	-	-	32,956	7,909
	2,684,201	**1,752,620**	**(1,091,683)**	**3,345,138**	**802,833**

The movement on deferred tax asset account during the year was as follows:

Jordanian Dinar	2015	2014
Balance at the beginning of the year	802,833	375,788
Additions during the year	616,722	420,628
Released during the year	(379,863)	(262,004)
Tax rate effect*	-	268,421
Balance at the end of the year	**1,039,692**	**802,833**

*This item represent the effect of the tax for recalculating the deferred tax assets on 24% instead of 14% for the years 2013 and before.

The movement on income tax provision during the year was as follows:

Jordanian Dinar	2015	2014
Balance at the beginning of the year	705,188	393,112
Income tax paid	(917,215)	(576,120)
Income tax due on current year profit	972,771	888,196
Balance at the end of the year	**760,744**	**705,188**

Income tax expense presented in the consolidated statement of profit or loss and other comprehensive income consists of the following:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Jordanian Dinar	**2015**	**2014**
Income tax due on current year profits	972,771	888,196
Deferred tax assets	(236,859)	(427,045)
	735,912	**461,151**

Reconciliation between taxable income and accounting income is as follows:

Jordanian Dinar	**2015** %	**2015**	**2014** %	**2014**
Profit before tax for the year		**3,013,689**		**1,940,426**
Income tax calculated using prevailing tax rate	%24	723,285	24%	465,703
Temporary differences – deductible tax items	(%0.07)	(227,423)	(%10)	(202,690)
Permanent differences – deductible tax items	%0.04	134,961	4.6%	128,929
The impact of the subsidiaries tax rate – Temporary differences	(%0.01)	(17,193)	(9.1%)	(38,282)
Tax effect for the subsidiaries	%0.04	122,282	%5.3	107,391
Income tax payable	**%24.62**	**735,912**	**%23.77**	**461,151**

- Jordan Trade Facilities Company filed its income tax return for 2012 and 2013 but the income tax review is in progress.
- The Company is claimed by the Income and Sales Tax Department to owe tax differences for the year 2010. For more information, see note (23).
- Jordan Facilities for Finance Lease Company (Subsidiary Company) has filed its income tax return for the year 2008 until the year 2014 and have been audited; income and sales tax department for the year 2011, for 2012, 2013 and 2014 review is not complete yet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11) DUE TO BANKS

The facilities granted to the Company in the form of an overdraft have been secured against endorsed bills with a percentage of 125%-130% of the utilized balance, bearing an interest rate between 8% - 8.5%. The main purpose of these facilities is to finance the Group's activities within a year.

12) LOANS

	As of December 31,	
Jordanian Dinar	**2015**	**2014**
Bank loans due within a year	8,831,810	3,371,035
Bank loans due after a year	1,900,351	2,321,236
	10,732,161	**5,692,271**

*The following table shows the granted loans by local banks to finance the Group's activities:

Jordanian Dinar			As of December 31,	
Facilities type	**Renewal date**	**Facilities limit**	**2015**	**2014**
Revolving loan	April 21,2016	1,000,000	928,507	517,261
Revolving loan	July 1,2016	4,000,000	3,964,684	1,529,315
Revolving loan	July 12,2016	2,000,000	1,259,117	136,857
Reducing loan	August 31,2016	850,000	567,527	851,465
Revolving loan	January 31,2016	200,000	97,035	108,500
Revolving loan	September 17,2016	1,000,000	891,545	227,637
Reducing loan	May 31, 2017	400,000	400,000	-
Reducing loan	October 30, 2016	1,000,000	415,226	-
Revolving loan	June 30, 2016	1,000,000	646,294	-
Reducing loan	June 30, 2016	61,875	61,875	320,764
Reducing loan	December 31, 2018	1,500,370	1,500,351	2,000,472
			10,732,161	**5,692,271**

* These loans are secured against endorsed bills with a percentage of 125% -130% of the utilized loans balances.

**These loans bear interest rates between 8% - 8.5%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13) MISCELLANEOUS DEPOSITS DUE TO OTHERS

Jordanian Dinar	As of December 31, 2015	2014
Conventional and murabaha installments deposits	72,658	61,456
Insurance companies deposits	106,608	152,461
Other	113,086	98,584
	292,352	**312,501**

14) INCOME TAX, GOVERNMENTAL FEES AND OTHER PROVISION

Jordanian Dinar	As of December 31, 2015	2014
Income tax provision (Note 10) (Restated*)	760,744	705,188
Lawsuits provision	22,956	32,956
Vacations provision	37,958	41,408
Contingent liabilities provision*	-	806,961
	821,658	**1,586,513**

*For the restatement effect see note (26). This item includes an amount of JOD 61,810, which represents an income tax expense over recognized revenues for the years 2012, 2013 and 2014 which have been paid in the mentioned years.

** The movement on the over provisions during the year:

Jordanian Dinar	2015	2014
Balance at the beginning of the year	806,961	348,522
Addition during the year	-	835,627
Prior year income tax paid	(806,961)	(377,188)
Balance at the end of the year	**-**	**806,961**

15) BOND

Jordanian Dinar	2015	2014
Balance at the beginning of the year	5,000,000	5,000,000
Paid during the year	(500,000)	-
	4,500,000	**5,000,000**

This item represents bonds issued by the Group on May 19, 2013 for five years duration with an interest rate of 10%, for the first two years and variable every six months period depends on the interest rate given to the best clients plus 1% risk rate, It was announced that these bonds are payable on payments by 10%, 15% and 25% and 50% ,on May 19, 2015, 2016, 2017 and 2018 respectively, noting that the first payment was paid which represents 10% on time, the interest rate is 9.75%.

16) STATUTORY RESERVES

The amounts accumulated in this account represents annual profits that have been transferred before taxes and fees by 10% during the year and prior years in accordance with companies law and is not distributable to the shareholders.

17) OTHER OPERATING REVENUES

	For the year ended December 31,	
Jordanian Dinar	**2015**	**2014**
Collection fees, delay penalties and returned cheques	655,863	537,754
Administrative fees	220,178	192,047
Credit cards revenues	126,256	66,690
Re-scheduling commission	9,146	9,635
	1,011,443	**806,126**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18) SALARIES, WAGES AND EMPLOYEE BENEFITS

Jordanian Dinar	For the year ended December 31,	
	2015	2014
Salaries and wages	815,177	746,478
Social Security contribution	94,162	83,563
Bonus	102,210	125,603
Medical Insurance	66,380	64,040
Vacation expense	775	23,254
Miscellaneous	8,813	4,270
	1,087,517	**1,047,208**

19) ADMINISTRATIVE EXPENSES

Jordanian Dinar	For the year ended December 31,	
	2015	2014
Rents	134,861	89,918
Maintenance	40,425	37,518
Telephone, internet and post	31,144	32,820
Directors' transportation	40,096	45,418
Directors' remuneration	35,000	30,833
Trading commissions	31,612	28,872
Professional fees	87,666	96,909
Water and electricity	26,507	26,876
Transportation and Travel	18,161	30,004
Subscriptions and fees	31,159	35,622
Sales Tax	57,883	628,23
Hospitality	9,675	11,151
Printing and stationary	9,832	23,677
Lawsuits expenses	22,833	28,023
General assembly meeting expenses	8,270	9,916
Miscellaneous	30,810	20,372
	615,934	**580,755**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20) TRANSACTIONS WITH RELATED PARTIES

20-1) Consolidated Statement of Financial Position	Related Party: Major shareholders	Related Party: Executive officers	Balance: December 31, 2015		Balance: December 31, 2014	
Jordanian dinar			Less than a year	More than a year	Less than a year	More than a year
Installments receivable	-	-	-	-	11,405	15,554
Bond	990,000	-	-	990,000	-	1,100,000

20-2) Consolidated Statement of Comprehensive Income Jordanian dinar	Major shareholders	Executive officers	Balance For the year ended on December 31: 2015	2014
Installments revenue	-	-	-	4,136
Finance expenses	101,869	-	101,869	110,000

20-3) EXECUTIVE MANAGEMENT SALARIES AND REMUNERATIONS FOR ADMINISTRATION

Salaries and remunerations short term paid to the Group's higher executive management amounted to JOD 275,604 for the year ended December 31, 2015 (2014: JOD 346,834).

21) EARNINGS PER SHARE FOR THE YEAR (JD/SHARE)

Jordanian Dinar	For the year ended December 31, 2015	2014
Profit for the year belong to the shareholders (JOD)	2,277,777	1,479,275
The weighted average for outstanding shares (share)	16,500,000	16,500,000
	0.138	**0.090**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The General Assembly will recommend to General Assembly in the meeting held on 2015 to pay cash dividends by (10%) of paid up capital amounted to (16.5) million.

The Board of directors approved in the meeting held in April 24, 2015 on paying cash dividends to shareholders by (7%) of paid up capital amounted to (16.5) million.

22) DIVIDENDS

The following table describes the declared and paid dividends by the group:

	For the year ended December 31,	
Jordanian Dinar	2015	2014
6.5% , 7% of the share par value	1,155,000	1,072,500
	1,155,000	**1,072,500**

23) OTHER PROVISION

The Group didn't calculate provision for the year 2010 due to fact that the amounts estimated by ISTD don't consider the income tax differences of losses recognized from selling of financial instruments, the estimated tax and fines as per ISTD is JOD 583,795, however Group management, legal and tax consultants believe that the results will be tax refund in amount of JOD 143,127 ,therefore the lawsuit is still in process.

For 2009, the Group has paid the tax differences on January 24, 2016, which amounted to JOD 182,484, however there is lawsuit in the Court of First Instance, which have been accepted in form. The Company claims with differences amounted to JOD 419,049 and from the opinion of Company's management and its legal consultant the outcome will be for the Company to refund the amount of JOD 419,049 and in case the company wins the lawsuit it will be recorded as profits.

24) CONTINGENT LIABILITIES

At the date of the consolidated financial statement, the group has the following contingent liabilities:

Bank Guarantees

	As of December 31	
Jordanian Dinar	**2015**	**2014**
Outstanding balance	79,000	98,000
	79,000	**98,000**

Against cash margin as follows:

	As of December 31	
Jordanian Dinar	**2015**	**2014**
Cash margin	7,900	6,700

25) FINANCIAL RISK MANAGEMENT

Overview
The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk
- Capital management

This note presents information about the company’s exposure to each of the above risks, the company’s objectives, policies and processes for measuring and managing risk, and the company’s management of capital.

Risk management framework

The management has overall responsibility for the establishment and oversight of company’s risk management framework.

The company's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

- Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

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

	As of December 31,	
Jordanian Dinar	**2015**	**2014**
Cash and cash equivalents	254,076	469,538
Financial assets at amortized cost	36,381,182	31,030,596
Other debit balances	182,781	70,965
	36,818,039	**31,571,099**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the company's customer base, including the default risk of the industry and country in which customer operate, has less of an influence on credit risk.

- Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the company maintains line of credit from its bank for sudden cash requirements.

The following are the contracted maturities of financial liabilities, including estimated interest payments:

Non-derivative financial liabilities:

December 31, 2015	**Carrying Amount**	**Contractual Cash Flows**	**Less than year**	**More than a year**
Jordanian Dinar				
Due to banks	1,230,140	(1,230,140)	(1,230,140)	-
Bank loans	10,732,161	(10,732,161)	(8,831,810)	(1,900,351)
Payables	247,990	(247,990)	(247,990)	-
Miscellaneous deposits	292,352	(292,352)	(292,352)	-
Accrued expenses	96,477	(96,477)	(96,477)	-
Income tax and government fees provision	821,658	(821,658)	(821,658)	-
Bonds	4,500,000	(4,500,000)	(750,000)	(3,750,000)
	17,920,778	**(17,920,778)**	**(12,270,427)**	**(5,650,351)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014	Carrying Amount	Contractual Cash Flows	Less than year	More than a year
Jordanian Dinar				
Due to banks	496,185	(496,185)	(496,185)	-
Bank loans	5,692,271	(5,692,271)	(3,371,035)	(2,321,236)
Payables	240,907	(240,907)	(240,907)	-
Miscellaneous deposits	312,501	(312,501)	(312,501)	-
Accrued expenses	77,863	(77,863)	(77,863)	-
Income tax and government fees provision	1,586,513	(1,586,513)	(1,586,513)	-
Bonds	5,000,000	(5,000,000)	(500,000)	(4,500,000)
	13,406,240	**(13,406,240)**	**(6,585,004)**	**(6,821,236)**

- Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the company's profit or the value of its holdings of financial instruments.
The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

- Currency Risk

Most of the company's financial assets and liabilities are in Jordanian Dinar. Most of the company's transactions in general are in Jordanian dinar accordingly, the company is not highly exposed to foreign currency risk.

- Interest rate risk

At the reporting date of consolidated financial statements, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Jordanian Dinar	As of December 31, 2015	2014
Fixed rate instruments:		
Financial assets	36,381,182	31,346,431
Financial liabilities	(16,462,301)	(11,188,456)
	19,918,881	**20,157,975**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through comprehensive income. Therefore a change in interest rates at the reporting date would not affect the consolidated statement of profit or loss and other comprehensive income.

- Other market price risk

Equity price risk arises from financial assets at fair value through other comprehensive income held for meeting partially the unfunded portion of the Group's obligations as well as investments at fair value through profit or loss. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Risk Management Committee.

Sensitivity analysis for equity price risk

A change of 5% in fair value of the securities at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015	Profit or loss 5% Increase	Profit or loss 5% decrease	Equity 5% Increase	Equity 5% decrease
Jordanian Dinar				
Financial assets at fair value through other comprehensive income	-	-	833	(833)
Financial assets at fair value through profit or loss	10,898	(10,898)	-	-
	10,898	**(10,898)**	**833**	**(833)**
December 31, 2014				
Financial assets at fair value through other comprehensive income	-	-	923	(923)
Financial assets at fair value through profit or loss	11,522	(11,522)	-	-
	11,522	**(11,522)**	**923**	**(923)**

Debt-to-adjusted Capital Ratio

Jordanian Dinar	As of December 31, 2015	2014
Total Debt	17,920,778	13,406,246
(Less) cash and cash equivalents	(282,037)	(483,689)
Net Debt	**17,638,741**	**12,922,557**
Net Shareholders' equity	21,391,847	20,270,870
Adjusted capital	**21,391,847**	**20,270,870**
Debt - to- adjusted capital ratio	**83%**	**64%**

The fair values of financial assets and liabilities, do not differ significantly from book value in the consolidated statement of financial position as of 31 December 2015 and 2014.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined 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 (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

A. Assets and liabilities that are measured at fair value on a recurring basis:

Jordanian Dinar	Book Value	Fair Value		
		Level 1	Level 2	Level 3
31 December 2015				
Financial assets measured at fair value	234,615	63,790	-	170,825
31 December 2014				
Financial assets measured at fair value	248,875	61,750	-	187,125

Fair value in accordance with 3 level

This item represents the cost of financial assets through other comprehensive income that is not listed in financial markets for the company portion in Al-Soor Financing Company. The company-performed test over the fair value for this item using Net asset value of the last available audited financial statements, the company's management believes that this is the most convenient way to measure the fair value of the investment due to the lack of updated information on the market value of this investment.

B. Assets and liabilities that are not measured at fair value:

With the exception of the table below, the Company's management believes that the book value of financial assets and liabilities that appear in the consolidated financial statements approximate their fair value as a result of the maturity of the bonds in the short term or re-pricing of interest rates during the year:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Jordanian Dinar	Book Value	Fair Value		
		Level 1	Level 2	Level 3
31 December 2015				
Cash and cash equivalent	282,037	282,037	-	-
Financial assets at amortized cost	36,381,182	-	36,381,182	-
Other Debit balance	514,800	-	514,800	-
Due to Banks	(1,230,140)	(1,230,140)	-	-
Banks loans	(10,732,161)	(10,732,161)	-	-
Payables	(247,990)	-	(247,990)	-
Miscellaneous deposits due to others	(292,352)	-	(292,352)	-
Accrued expenses	(96,477)	-	(96,477)	-
Income tax and other provisions	(821,658)	-	(821,658)	-
Bonds	(4,500,000)	-	(4,500,000)	-
31 December 2014				
Cash and cash equivalent	483,689	483,689	-	-
Financial assets at amortized cost	31,030,596	-	31,030,596	-
Other Debit balance	199,272	-	199,272	-
Due to Banks	(496,185)	(496,185)	-	-
Banks loans	(5,692,271)	(5,692,271)	-	-
Payables	(240,907)	-	(240,907)	-
Miscellaneous deposits due to others	(312,501)	-	(312,501)	-
Accrued expenses	(77,863)	-	(77,863)	-
Income tax and other provisions	(1,586,513)	-	(1,586,513)	-
Bonds	(5,000,000)	-	(5,000,000)	-

Items described above have been identified at the second level of the fair value of financial assets and liabilities on the basis (agreed-upon pricing models to reflect the credit risk for the parties that deal with the company / price offered for assets similar in an inactive market / interest rates, the rate of return and volatility implied credit / inputs and margins related to the market (market-related data).

To reveal the value of the transfers between Level 1 and Level 2 of the fair value and the reason behind the conversion and the company's policy that determines when switching between the fair value levels obtained.

C. Assets and liabilities of non-financial, which are not measured at fair value, which is disclosed at fair value in the financial statements:

Jordanian Dinar	**Book Value**	**Fair Value**		
		Level 1	**Level 2**	**Level 3**
31 December 2015				
Investment property	514,800	-	514,800	-
31 December 2014				
Investment property	538,200	-	538,200	-

The items above clarify the fair value of assets and liabilities of non-financial, which is determined on the basis of (a description of the valuation method used to measure the fair value); if the best use differs from current use, It is to say why they use it in a way different from the best use).

26) BASIS OF RESTATEMENT FOR COMPARATIVE FIGURES

The comparative figure represents the consolidated financial statements for the year ended December 31, 2014.

Some comparative figures have been restated by the revenue differences calculated from some customers for years 2012, 2013 and 2014, to comply with IAS (8) "Accounting Policies, Changes in Accounting Estimates and Errors" as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position:

Jordanian Dinar	31 December 2014 (Before restated)	31 December 2014 (After restated)	Restated effect
Net installments receivable (Note 6-A)	29,036,759	28,779,205	(257,554)
Income tax provision (Note 24)	767,000	705,188	61,812
Retained earnings	2,146,797	1,951,055	195,742

Consolidated statement of financial position:

Jordanian Dinar	1 January 2014 (Before restated)	1 January 2014 (After restated)	Restated effect
Net installments receivable (Note 6-A)	28,294,006	28,110,601	(183,405)
Income tax provision (Note 24)	437,129	393,112	44,017
Retained earnings	1,885,125	1,745,737	139,388

Consolidated Statement of Profit or Loss and Other Comprehensive Income:

Jordanian Dinar	31 December 2014 (Before restated)	31 December 2014 (After restated)	Restated effect
Revenues and commissions from conventional, murabaha and finance leases	6,053,221	5,979,072	(74,149)
Income tax expense (Note 10)	(478,946)	(461,151)	17,795
Total comprehensive income for the year	**1,535,629**	**1,479,275**	**(56,354)**
Basic and diluted earnings per share	**0,093**	**0,089**	**0,004**