

جور دإنفست

شركة الثقة للاستثمارات الأردنية

To: Jordan Securities Commission
Amman Stock Exchange

السادة هيئة الأوراق المالية المحترمين
السادة بورصة عمان المحترمين

Date:

التاريخ: ١٣١٣ ٠١٧

Subject: Audited financial statements for the
fiscal year ended 31/12/2016

الموضوع: البيانات المالية السنوية المدققة للسنة المنتهية في
2016/12/31

Please find attached the audited financial statements
of (Jordan Investment Trust) for the fiscal year
ended 31/12/2016

مرفق فيه نسخة من البيانات المالية المدققة لشركة (الثقة للاستثمارات
الأردنية) عن السنة المالية المنتهية في 2016/12/31

Regards

وتفضلوا بقبول فائق الاحترام،،،

Ahmad H. Tantash
Chairman

شركة الثقة للاستثمارات الأردنية
رئيس مجلس الإدارة
أحمد طنطش

To Securities depository center

نسخة السادة مركز إيداع الأوراق المالية

بورصة عمان
الدائرة الإدارية والمالية
الديوان
١١ يناير ٢٠١٧
الرقم المتسلسل: 2036
رقم الملف: 31039
الجهة المختصة: 2112/2016

JORDAN INVESTMENT TRUST COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016



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Ernst & Young Jordan
P.O.Box 1140
Amman 11118
Jordan

Tel: 00 962 6580 0777/00 962 6552 6111
Fax: 00 962 6553 8300
www.ey.com/me

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Jordan Investment Trust Public Shareholding Company
Amman- Jordan**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jordan Investment Trust Public Shareholding Company (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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



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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue recognition: Share of income from associate

At 31 December 2016, the Group has associate investments amounting to JD 12,976,435 with share of profits recorded during the year 2016 amounted to JD 1,502,154 which represent the main source of income to the group. The Group focus on income from associate as a key performance measure, which could create an incentive to overstate income, and accordingly this area was considered a key audit matter for the audit.

Disclosures related to investments in associate are detailed in note (6) to the consolidated financial statements.

How key audit matter was addressed

Our audit procedures included, amongst others, obtaining the financial statements from associates as of 31 December 2016 and audit the implementation of the equity method of accounting related to the associate including the recalculation of the Company's share of income and net assets from the associate based on the associate financial statements.

Impairment of investment properties

Impairment of investment properties is considered a key audit matter as it represents a significant judgment area. Also, investment properties is a significant part of the total assets of the Group. Disclosures related to investments properties are detailed in note (9) to the consolidated financial statements.



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How key audit matter was addressed

The Group performs impairment property annually by obtaining valuations from external independent valuers. Our audit procedures included obtaining the land valuations performed by independent valuers to ensure that management properly recorded any impairment in value.

Other information included in the Group's 2016 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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



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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the financial statements.

Ernst & Young / Jordan

Waddah Isam Barkawi
License No. 591

Amman-Jordan
27 March 2017

Ernst & Young

JORDAN INVESTMENT TRUST COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2016

ASSETS	Notes	2016 JD	2015 JD
Cash on hand and at banks	3	430,481	689,634
Financial assets at fair value through profit or loss	4	6,665,495	5,994,487
Financial assets at fair value through other comprehensive income	4	129,798	164,860
Accounts receivable - net	5	198,355	187,332
Investments in associates	6	12,976,435	12,559,105
Other debit balances	7	690,353	867,977
Property and equipment	8	2,735,918	2,815,808
Investment properties	9	9,206,946	9,029,979
Intangible assets	10	250,763	263,623
Total Assets		33,284,544	32,572,805
LIABILITIES AND EQUITY			
Liabilities -			
Loans	11	679,386	684,222
Brokerage customers payables		108,430	94,862
Other credit balances	12	1,292,319	1,480,427
Total Liabilities		2,080,135	2,259,511
Equity -			
Shareholders equity			
Paid in capital	13	25,783,125	25,783,125
Share premium		746,349	746,349
Statutory reserve		2,578,727	2,427,893
Voluntary reserve		755,202	755,202
Fair value reserve		(132,210)	(92,736)
Accumulated losses		(762,259)	(1,673,981)
Shareholders equity		28,968,934	27,945,852
Non-controlling interests	14	2,235,475	2,367,442
Net Equity		31,204,409	30,313,294
Total Liabilities and Equity		33,284,544	32,572,805

The accompanying notes from 1 to 31 form part of these consolidated financial statements

JORDAN INVESTMENT TRUST COMPANY
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	<u>Notes</u>	<u>2016</u> JD	<u>2015</u> JD
Revenue -			
Interest income		22,392	20,330
Profit (loss) from financial assets at fair value through profit or loss	15	638,388	(320,130)
Brokerage commissions		21,853	23,141
Share of profit from associates	6	1,502,154	1,027,520
Gain from sale of investment property		-	525,882
Gain from acquisition of a subsidiary	29	-	25,628
Other income	16	867,723	946,968
Net revenue		<u>3,052,510</u>	<u>2,249,339</u>
Expenses -			
Administrative expenses	18	1,626,870	1,679,542
Interest and commission		80,157	113,440
Other expenses	17	193,206	201,713
Loss from sale of property and equipment		(1,100)	-
Total expenses		<u>1,899,133</u>	<u>1,994,695</u>
Profit before income tax		<u>1,153,377</u>	<u>254,644</u>
Income tax expense	19	(222,788)	(133,418)
Profit for the year		<u>930,589</u>	<u>121,226</u>
Attributable to:			
Shareholders of the company		967,487	208,529
Non-controlling interests		(36,898)	(87,303)
		<u>930,589</u>	<u>121,226</u>
		<u>Fils /JD</u>	<u>Fils JD</u>
Basic and diluted earnings per share from profit of the year	20	<u>0/036</u>	<u>0/008</u>

The accompanying notes from 1 to 31 form part of these consolidated financial statements

JORDAN INVESTMENT TRUST COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	<u>2016</u>	<u>2015</u>
	JD	JD
Profit for the year	<u>930,589</u>	<u>121,226</u>
Add: other comprehensive income not to be reclassified to profit and loss in subsequent periods:		
Change in fair value of financial assets at fair value through other comprehensive income	<u>(39,474)</u>	<u>(27,703)</u>
Total other comprehensive income items for the period after tax	<u>(39,474)</u>	<u>(27,703)</u>
Total comprehensive income for the year	<u>891,115</u>	<u>93,523</u>
Attributable to:		
Shareholders of the company	928,013	180,826
Non-controlling interests	<u>(36,898)</u>	<u>(87,303)</u>
	<u>891,115</u>	<u>93,523</u>

The accompanying notes from 1 to 31 form part of these consolidated financial statements

JORDAN INVESTMENT TRUST COMPANY

Reserves

The accompanying notes from 1 to 31 form part of these consolidated financial statements

JORDAN INVESTMENT TRUST COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	<u>Note</u>	<u>2016</u> JD	<u>2015</u> JD
<u>OPERATING ACTIVITIES</u>			
Profit for the year before tax		1,153,377	254,644
Adjustments for -			
Interest Income		(22,392)	(20,330)
Provision for doubtful debit		40,418	42,645
Depreciation and amortization		250,726	310,136
Gain on acquisition of a subsidiary		-	(25,628)
(Gain) on sale of investment property		-	(525,882)
(Gain) loss on revaluation of financial assets at fair value through profit and loss		(493,913)	453,961
Share of profit from associates		(1,502,154)	(1,027,520)
Loss on sale of property and equipment		1,100	-
Changes in working capital -			
Financial assets at fair value through profit or loss		(177,095)	267,010
Accounts receivable and other debit balances		126,183	101,450
Accounts payable and other credit balances		(392,602)	151,775
Income tax paid		(4,726)	(147,057)
Net cash (used in) operating activities		<u>(1,021,078)</u>	<u>(164,796)</u>
<u>INVESTING ACTIVITIES</u>			
(Purchase) sale of financial assets at fair value through other comprehensive income		(4,412)	16,358
Proceeds from sale of property and equipment		6,000	3,195
Purchase of property and equipment		(105,186)	(53,503)
Purchase of investment property		(236,857)	(1,014,719)
Proceeds from sale of investment property		-	670,600
Non-controlling interest payments to increase subsidiary paid in capital		-	112,495
Cash proceeds from acquisition of a subsidiary	29	-	299,989
Dividends received from associate investments		1,084,824	1,112,388
Interest income received		22,392	20,330
Net cash from investing activities		<u>766,761</u>	<u>1,167,133</u>
<u>FINANCING ACTIVITIES</u>			
Loans		<u>(4,836)</u>	<u>(612,469)</u>
Net cash used in financing activities		<u>(4,836)</u>	<u>(612,469)</u>
Net (decrease) increase in cash and cash equivalents		<u>(259,153)</u>	<u>389,868</u>
Cash and cash equivalents at beginning of the year		<u>689,634</u>	<u>299,766</u>
Cash and cash equivalents at end of the year		<u>430,481</u>	<u>689,634</u>

The accompanying notes from 1 to 31 form part of these consolidated financial statements

JORDAN INVESTMENT TRUST COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2016

(1) GENERAL

Jordan Investment Trust was incorporated in Jordan as a public shareholding company and registered on April 23, 1998 with an authorized capital of JD 20,000,000 acquired into 20,000,000 shares, at a per value of JD each. The authorized and paid up capital was increased several time during previous years to reach JD 29,513,889.

The main objectives of the Company are to invest in all available fields of investment in industrial, agricultural, financial, real estate, tourism and services sectors, and in particular to purchase and hold shares, allotments, real estate, bonds and manage investment portfolios. Other activities include, providing consulting services and capital market operations services which support and foster investment, acting as a broker in organizing the capital financing operations required for establishment, expansion and development of the companies including the undertakings of issuance of shares and bond or participate with the gatherings that aim to such undertakings.

The Company's registered office is located in Jabal Amman, Amman – The Hashemite Kingdom of Jordan.

The main objectives of the subsidiaries are to invest in all available fields of investment.

The financial statements were authorized for issue by the Board of Directors in their meeting held on 30 January 2017. These financial statements require the General Assembly's approval.

The Company's shares are listed in Amman stock Exchange.

(2) BASIS OF PREPARATION AND THE ACCOUNTING POLICIES

BASIS OF PREPARATION

The accompanying consolidated financial statements for the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations (IFRICs).

The financial statements are prepared under the historical cost convention except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value in the consolidation financial statements date.

The financial statements have been presented in Jordanian Dinars "JD" which is the functional currency of the Group.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Jordan Investment Trust company and its wholly owned subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Group controls an investee only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, profits and losses relating to transactions between members of the Group are eliminated.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the translation reserve of the foreign currencies
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained in the subsidiary;
- Recognises profit or loss resulting from controlling loss ; and
- Reclassifies the company's share of components previously recognised in other comprehensive income to profit or loss.

USE OF ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statement are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2016:

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)

In August 2014, the IASB amended IAS 27 Separate Financial Statements which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

IAS 1 Presentation of Financial Statements – Amendments to IAS 1

The amendments to IAS 1 include narrow-focus improvements related to:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

Investment entities (Amendments to IFRS 10 and IAS 28)

The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify that:

- The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

The implementation of the new amendments did not have impact on the Group's financial position or performance and became effective for annual periods which started from 1 January 2016.

Accounts receivable

Accounts receivable are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not held for trading. The Group's investments in its associate are accounted for using the equity method.

The carrying amount of the investment is presented in the consolidated statement of the financial position in addition to changes in the Group's share of net assets of the associate. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is written off. Change in other comprehensive income of

those investees is presented as part of the Group's consolidated statement of comprehensive income I. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value if any. Land is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>%</u>
Buildings	2
Equipments	5-25
Furniture , fixtures and decorations	10-20
Vehicles	10

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The impairment loss is recorded in the consolidated income statement.

The useful life of the properties and equipment is reviewed at the end of the year . If such expectations differ from the previously estimates , the change shall be accounted for in the subsequent years as changes in such estimates.

Property and equipment are excluded when disposed or when it's use has no expected future benefits.

Investment property

Investment properties are measured at cost less any accumulated depreciation.

Investment properties (except lands) are depreciated in accordance with their useful lives on a straight-line basis using annual depreciation rate of 2%.

The carrying values of investment property are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The impairment loss is recorded in the consolidated income statement.

Intangible assets

Intangible assets are classified as finite or infinite. Intangible assets with finite lives are amortized over the useful economic life and the amortization expense is recognized in the consolidated income statement. While intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired. The impairment loss is recorded in the consolidated income statement.

Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the subsequent periods.

Intangible assets include franchise to be amortized over the useful life as follows:

Franchise	10-20 years
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Income tax

The income tax provision is calculated in accordance with the Income Tax Law No. 34 of 2014 and IAS 12 which requires the recognition of deferred taxes resulting from the temporary differences between the carrying amount of an asset or liability and its tax base.

Term loans

All loans and borrowings are recognized at fair value plus direct attributable costs. Interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, bank balances and short term deposits with an original maturity of three months or less after deducting due to banks.

Revenue and expenses Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue from brokerage services is recognized when the customer's financial securities are traded.

Revenue from food and beverage is recognized when the service is performed and customers are invoiced.

Interest revenue is recognized as interest accrues using the effective interest rate method.

Dividends are recognized when they are approved by the general assemblies of the investees .

Other revenues are recognized on an accrual basis.

Expenses are recognized on an accrual basis.

Loans Interest

Interest on loans are accounted for on effective interest method basis.

Trade and settlement date accounting

Purchases and sales of financial assets are recognized on the trade date.

Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated into respective functional currencies at rates of exchange prevailing at the reporting date as issued by Central Bank of Jordan.

Monetary assets and liabilities in foreign currencies are translated into respective functional currencies at fair value at the respective date.

Gains and losses resulting from foreign currencies translation shall be recorded in the consolidated statement of income.

Translation differences on non-monetary items carried at fair value (such as stocks) are included as part of the changes in fair value.

Offsetting

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

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

Fiduciary assets

Assets held in a fiduciary capacity are not recognized as assets of the Group. Fees and commissions received for managing such assets are recognized in the consolidated income statement. Impairment loss is recognized in the consolidated income statement for the decline in fair value of guaranteed fiduciary assets below their original principal amount.

Fair value

The Group measures financial instruments such as financial assets at fair value at the financial statements date as illustrated in note (25).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

In case of unavailable main market , The principal or the most advantageous market for assets or liabilities must be accessible to by the Group.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of financial assets

The Group assesses at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets has been permanently impaired. The value of a financial asset or group of financial assets deemed to be impaired, just in case there is an objective evidence of impairment as a result of one or more events that occurred after the initial installation of the assets (for "loss event ") and this event impact on future cash flows of a financial asset or group of financial assets that can be reasonably estimated.. Impairment guide may include indications that the debtor or a group of borrowers are experiencing significant financial difficulty or neglect or default in interest payments or principal amount and they are likely subject to bankruptcy or other financial restructuring and when observable data indicate that there is a measurable decrease in cash flow estimated future such as changes in economic conditions associated with the default.

Impairment of non-financial assets

The Group assesses at the reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, the current transactions in the market are to be considered if any, otherwise an appropriate valuation model has to be used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

(3) CASH ON HAND AND AT BANKS

This item represents the following :

	<u>2016</u> JD	<u>2015</u> JD
Cash on hand	336	779
Call deposits	77,916	76,000
Time deposits *	126,105	357,098
Current accounts	<u>226,124</u>	<u>255,757</u>
	<u>430,481</u>	<u>689,634</u>

** Time deposits represent monthly deposits in Jordanian Dinar with an annual average interest rate of 3.25%.

(4) FINANCIAL ASSETS AT FAIR VALUE

A. Financial assets at fair value through profit or loss

	<u>2016</u> JD	<u>2015</u> JD
Shares*	<u>6,665,495</u>	<u>5,994,487</u>

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B. Financial assets at fair value through other comprehensive income

	<u>2016</u> JD	<u>2015</u> JD
Shares Investment in listed companies	<u>129,798</u>	<u>164,860</u>

- * The financial assets at fair value through profit or loss include unquoted equities at cost amounting to JD 1,033,057 as of 31 December 2016 and 2015, according to the Group's management there is no difference between the cost and market value, also the financial assets at fair value through profit or loss include investments with an amount of JD 283,057 registered for others on behalf of Jordan investment trust company (Nominee account).

(5) ACCOUNTS RECEIVABLE - NET

This item represents the following:

	<u>2016</u> JD	<u>2015</u> JD
Brokerage receivables	661,425	659,310
Employees' receivables	9,593	10,267
Less: provision for doubtful debts	<u>(472,663)</u>	<u>(482,245)</u>
	<u>198,355</u>	<u>187,332</u>

Movement on the allowance for doubtful debts is as follows:

	<u>2016</u> JD	<u>2015</u> JD
Balance as of 1 January	482,245	439,600
Reversed of provision for doubtful debts	(9,582)	-
Additions during the year	<u>-</u>	<u>42,645</u>
Balance of 31 December	<u>472,663</u>	<u>482,245</u>

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As at 31 December, the aging of unimpaired receivables is as follows:

	Past due not impaired				Total JD
	1-30 days	31-90 days	181-360 days	Over 360 days	
	JD	JD	JD	JD	
2016	12,798	9,665	41,798	134,094	198,355
2015	1,156	283	-	185,893	187,332

Unimpaired receivables are expected to be fully recoverable based on the Group's management opinion, although the vast majority of the brokerage receivables are guaranteed by the customer's portfolios.

(6) INVESTMENT IN ASSOCIATES

This item represents the following:

	Ownership percentage %	Country of incorporation	Nature of activity	2016 JD	2015 JD
Addax Education Holding (AEH)	20	Bahrain	Education	1,602	78,814
First Education Holding (FEH)	31.6	Bahrain	Education	12,974,833	12,480,291
				<u>12,976,435</u>	<u>12,559,105</u>

The following table illustrates the movement on the investments in associates:

	2016 JD	2015 JD
Balance as of January 1	12,559,105	14,024,862
Investments transferred to subsidiaries (Note 29)	-	(1,380,889)
Group net share from profit	1,502,154	1,027,520
Dividends received from associates	<u>(1,084,824)</u>	<u>(1,112,388)</u>
Balance as of December 31	<u>12,976,435</u>	<u>12,559,105</u>

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Summary of financial position Statement:

	2016		Total JD
	AEH	FEH	
	JD	JD	
Current assets	491,095	19,498,918	19,990,013
Non – current assets	-	37,396,914	37,396,914
Current liabilities	(2,607)	(16,031,199)	(16,033,806)
Non – current liabilities	-	(567,200)	(567,200)
Net assets	488,488	40,297,433	40,785,921
Group Share from assets and liabilities	97,697	12,725,929	12,823,626
Book Value of Investment	1,602	12,974,833	12,976,435

	2015		Total JD
	AEH	FEH	
	JD	JD	
Current assets	569,043	16,399,879	16,968,922
Non – current assets	29,160	36,324,906	36,354,066
Current liabilities	(28,946)	(13,196,617)	(13,225,563)
Non – current liabilities	(4,310)	(711,127)	(715,437)
Net assets	564,947	38,817,041	39,381,988
Group Share from assets and liabilities	112,989	12,258,422	12,731,411
Book Value of Investment	78,814	12,480,291	12,559,105

Summary of Income statement:

	2016		Total JD
	AEH	FEH	
	JD	JD	
Revenue	531,902	16,218,922	16,750,824
Expenses	(145,842)	(11,706,756)	(11,852,598)
Profit of the year	386,060	4,512,166	4,898,226
Group share of income	77,212	1,424,942	1,502,154

	2015		Total JD
	AEH	FEH	
	JD	JD	
Revenue	709,000	12,935,097	13,644,097
Expenses	(326,196)	(8,808,872)	(9,135,068)
Profit of the year	382,804	4,126,225	4,509,029
Group share of income	-	1,027,520	1,027,520

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(7) OTHER DEBIT BALANCES

This item consists of the following:

	<u>2016</u>	<u>2015</u>
	JD	JD
Income tax deposits	67,999	68,524
Prepaid expenses	98,349	97,952
Deferred tax assets (note 19)	-	180,179
Refundable deposits	23,273	17,062
Subsidiaries raw materials inventory	88,635	85,947
Account receivables - investments	340,709	340,195
Others	171,388	128,118
	<u>790,353</u>	<u>917,977</u>
Less: provision for doubtful debts	<u>(100,000)</u>	<u>(50,000)</u>
	<u>690,353</u>	<u>867,977</u>

Doubtful debts for the investments receivables were JD 100,000 against JD 50,000 as of 31 December 2015. The movement of the provision for doubtful debts was as follows:

	<u>2016</u>	<u>2015</u>
	JD	JD
Balance as of January 1	50,000	-
Additions	50,000	50,000
Balance as of December 31	<u>100,000</u>	<u>50,000</u>

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(8) PROPERTY AND EQUIPMENT

	Land *	Buildings	Equipment	Furniture , Fixtures and decorations	Vehicles	Total
	JD	JD	JD	JD	JD	JD
2016 -						
Cost -						
At 1 January 2016	895,953	1,660,985	1,386,776	1,261,114	137,165	5,341,993
Additions	-	-	5,039	7,778	92,369	105,186
Disposals	-	-	-	-	(9,414)	(9,414)
Balance At 31 December 2016	<u>895,953</u>	<u>1,660,985</u>	<u>1,391,815</u>	<u>1,268,892</u>	<u>220,120</u>	<u>5,437,765</u>
Accumulated Depreciation -						
At 1 January 2016	-	433,915	1,211,268	791,438	89,564	2,526,185
Additions	-	28,970	48,651	90,917	9,438	177,976
Disposals	-	-	-	-	(2,314)	(2,314)
At 31 December 2016	<u>-</u>	<u>462,885</u>	<u>1,259,919</u>	<u>882,355</u>	<u>96,688</u>	<u>2,701,847</u>
Net Book Value -						
31 December 2016	<u>895,953</u>	<u>1,198,100</u>	<u>131,896</u>	<u>386,537</u>	<u>123,432</u>	<u>2,735,918</u>

* This item includes mortgaged land in an amount of JD 900,000 against the bank loan obtained from the Bank of Jordan (Note 11).

	Land *	Buildings	Equipment	Furniture , Fixtures and decorations	Vehicles	Total
	JD	JD	JD	JD	JD	JD
2015 -						
Cost -						
At 1 January 2015	895,953	1,660,985	1,359,414	1,252,285	118,215	5,286,852
Acquisition of a subsidiary note 29)	-	-	6,818	3,936	6,900	17,654
Additions	-	-	20,932	8,571	24,000	53,503
Disposals	-	-	(388)	(3,678)	(11,950)	(16,016)
At 31 December 2015	<u>895,953</u>	<u>1,660,985</u>	<u>1,386,776</u>	<u>1,261,114</u>	<u>137,165</u>	<u>5,341,993</u>
Accumulated Depreciation -						
Balance At 1 January 2015	-	404,944	1,147,178	688,763	90,232	2,331,117
Acquisition of a subsidiary (note 29)	-	-	6,813	3,281	6,900	16,994
Additions	-	28,971	57,367	100,175	4,382	190,895
Disposals	-	-	(90)	(781)	(11,950)	(12,821)
At 31 December 2015	<u>-</u>	<u>433,915</u>	<u>1,211,268</u>	<u>791,438</u>	<u>89,564</u>	<u>2,526,185</u>
Net Book Value -						
31 December 2015	<u>895,953</u>	<u>1,227,070</u>	<u>175,508</u>	<u>469,676</u>	<u>47,601</u>	<u>2,815,808</u>

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(9) INVESTMENT PROPERTIES

	Land *	Buildings	Projects under construction **	Advanced payment for investment property	Total
	JD	JD	JD	JD	JD
2016 -					
Cost -					
At 1 January 2016	2,700,204	4,835,427	1,944,013	-	9,479,644
Additions	-	116,508	-	120,349	236,857
At 31 December 2016	<u>2,700,204</u>	<u>4,951,935</u>	<u>1,944,013</u>	<u>120,349</u>	<u>9,716,501</u>
Accumulated Depreciation -					
At 1 January 2016	-	449,665	-	-	449,665
Deprecation for the year	-	59,890	-	-	59,890
At 31 December 2016	<u>-</u>	<u>509,555</u>	<u>-</u>	<u>-</u>	<u>509,555</u>
Net Book Value -					
31 December 2016	<u>2,700,204</u>	<u>4,442,380</u>	<u>1,944,013</u>	<u>120,349</u>	<u>9,206,946</u>
2015 -					
Cost -					
At 1 January 2015	1,011,399	4,592,709	-	-	5,604,108
Acquisition of a subsidiary (note 29)	1,833,523	242,718	929,294	-	3,005,535
Additions	-	-	1,014,719	-	1,014,719
Disposals *	(144,718)	-	-	-	(144,718)
At 31 December 2015	<u>2,700,204</u>	<u>4,835,427</u>	<u>1,944,013</u>	<u>-</u>	<u>9,479,644</u>
Accumulated Depreciation -					
At 1 January 2015	-	391,454	-	-	391,454
Charge for the year	-	58,211	-	-	58,211
At 31 December 2015	<u>-</u>	<u>449,665</u>	<u>-</u>	<u>-</u>	<u>449,665</u>
Net Book Value -					
31 December 2015	<u>2,700,204</u>	<u>4,385,762</u>	<u>1,944,013</u>	<u>-</u>	<u>9,029,979</u>

* In 2015, the Group sold a land in Shmesani with an amount of JD 670,600 which resulted in a net gain of JD 525,882.

** This item represents an advanced payment for property investment outside Jordan.

- The fair value of the investment properties as assessed by the real state evaluator equals an amount of JD 13,978,694 as of 31 December 2016 (2015: JD 13,495,759).
- Properties item includes three apartments with a total area of nearly 220 square meters with a book value of JD 161,932 , the apartments promise of sale contract was registered in the name of Al-Ihdathiat for real estate company on the 30 November 2011, the apartments are not yet transferred to the Group as of reporting date

(10) INTANGIBLE ASSETS

	Goodwill	Trade name	Franchise		Brokerage license	
			Al-Mota'dedeh Company for restaurants	Arab East for restaurants management	Imcan for Brokerage	Total
	JD	JD	JD	JD	JD	JD
Cost -						
Balance At 1 January 2016	150,859	413,863	248,195	-	500,000	1,419,270
Balance At 31 December 2016	150,859	413,863	248,195	-	500,000	1,419,270
Accumulated Amortization -						
At 1 January 2016	-	413,863	202,244	-	500,000	1,155,647
Additions	-	-	7,917	-	-	12,860
Balance At 31 December 2016	-	413,863	210,161	-	500,000	1,168,507
Net Book Value -						
Balance at 31 December 2016	150,859	-	38,034	-	-	250,763

	Goodwill	Trade name		Franchise		Brokerage license	
		Al-Mota'dedeh Company for restaurants	Al-Mota'dedeh Company for restaurants	Arabian coffee	Arab East for restaurants management	Imcan for Brokerage	Total
	JD	JD	JD	JD	JD	JD	JD
Cost -							
Balance At 1 January 2015	150,859	413,863	248,195	107,985	67,370	500,000	1,488,272
Disposals	-	-	-	(1,632)	(67,370)	-	(69,002)
Balance At 31 December 2015	150,859	413,863	248,195	106,353	-	500,000	1,419,270
Accumulated Amortization -							
Balance At 1 January 2015	-	399,026	194,327	34,598	67,370	466,666	1,161,987
Additions	-	14,837	7,917	4,942	-	33,334	61,030
Disposals	-	-	-	-	(67,370)	-	(67,370)
Balance At 31 December 2015	-	413,863	202,244	39,540	-	500,000	1,155,647
Net Book Value -							
31 December 2015	150,859	-	45,951	66,813	-	-	263,623

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(11) LOANS

	Loan installments		2016	2015
	Short term	Long term		
	JD	JD	JD	JD
The Bank of Jordan	307,758	358,772	666,530	666,530
Capital Bank of Jordan	4,836	8,020	12,856	17,692
			<u>679,386</u>	<u>684,222</u>

The Bank of Jordan Loan

On 2 September 2010, the Group signed a loan agreement with the Bank of Jordan for an amount of JD 1,650,000 with an annual interest rate of 8%. the loan is repayable after a grace period of 2 years in 60 equal monthly installment of JD 27,500 each, the first of which fell due on 19 September 2012 until the final settlement, the loan is secured by the mortgage of the property owned by Al Tawon Real Estate Management Company which is equal to JD 900,000 (note 8), During 2015 an amount of JD 645,441 was paid of the loan balance without any penalty for early settlement and loan was rescheduled so first installment will be due on 14 February 2017 and the final installment on 14 October 2018.

Capital Bank of Jordan Loan

On 26 August 2014 Al-Mota'dedeh Company for restaurant management (subsidiary) signed a loan agreement with Capital Bank of Jordan for an amount of JD 24,140 with an annual interest of 10.5 % calculated annually on a daily basis, the loan is used to finance 100% of the purchase price of a vehicle. The loan is repayable in 60 equal monthly installments, each installment with an amount of JD 403 starting 30 September 2014 until the final settlement.

(12) OTHER CURRENT LIABILITIES

	2016	2015
	JD	JD
Portfolios payables	252,443	300,988
Withholding deposits	44,603	51,021
Other payables	470,372	714,099
Provision for BOD and employees' remuneration and bonuses	35,048	-
Bonuses and incentives for employees'	15,762	15,762
Provision for employees' end of service indemnities	88,408	88,408
Provision for employees' vacation allowance	39,900	41,027
Accrued expenses	85,637	94,202
Shareholders deposits	124,562	124,896
Provision for income tax (Note 19)	45,381	5,108
Others	90,203	44,916
	<u>1,292,319</u>	<u>1,480,427</u>

(13) EQUITY

Paid in capital -

The authorized capital amounted to JD 29,513,889 at a par value JD 1 per share.

The details of the capital are as follows:

	<u>2016</u>	<u>2015</u>
	JD	JD
Subscribed and paid in capital	29,513,889	29,513,889
Treasury shares owned by the parent company (580,005 shares)	(893,209)	(893,209)
Treasury shares owned by a subsidiary (2,026,491 shares)	<u>(2,837,555)</u>	<u>(2,837,555)</u>
	<u>25,783,125</u>	<u>25,783,125</u>

Share premium -

This amount represents the difference between the par value of the shares issued and their issue price at the date of issuance. The general assembly decided in its extraordinary meeting held on 23 April 2015 to write off an amount of JD 5,814,894 of the accumulated losses in the share premium.

Statutory reserve -

This amount represents appropriations not exceeding 10% of the annual earnings before income tax during the previous years according to the companies law, this reserve is not available for distribution to shareholders.

Voluntary reserve -

This amount represents appropriations not exceeding 20% of annual earnings before income tax during the previous years according to the companies law, this reserve is available for distribution to shareholders.

(14) NON-CONTROLLING INTERESTS

This note represents the net non-controlling interests' in subsidiaries.

	<u>2016</u>	<u>2015</u>
	JD	JD
Al-Mota'dedeh Company	1,633,875	1,747,331
Medical Clinics Company	229,785	232,000
Imcan for Brokerage	<u>371,815</u>	<u>388,111</u>
	<u>2,235,475</u>	<u>2,367,442</u>

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(15) GAINS (LOSSES) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	<u>2016</u>	<u>2015</u>
	JD	JD
Realized gains	-	27,946
Change in fair value	493,913	(453,961)
Shares dividends income	144,475	105,885
	<u>638,388</u>	<u>(320,130)</u>

(16) OTHER INCOME

	<u>2016</u>	<u>2015</u>
	JD	JD
Food and beverage sales	760,672	803,867
Rent revenue	87,419	112,189
Other	19,632	30,912
	<u>867,723</u>	<u>946,968</u>

(17) OTHER EXPENSES

This item represents the cost of sales of food and beverage in the subsidiaries.

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(18) ADMINISTRATIVE EXPENSES

	2016	2015
	JD	JD
Salaries, wages and employees benefits	539,795	505,094
Travel and transportation	32,422	36,216
Rent	192,379	214,080
Administration, legal and professional fees	98,163	107,974
Insurance	12,075	14,262
Properties Tax expense	35,053	41,923
Mail and telephone	24,692	27,451
Stationary and publications	8,977	9,088
Advertisement	15,232	21,170
Hospitality	2,385	2,228
Government fees and licenses	57,645	43,073
Cleaning and maintenance services	46,569	59,066
Subscriptions	13,921	12,928
Donations	22,500	15,540
Legal interests	9,626	45,966
Depreciation	237,866	249,106
Amortization	12,860	61,030
Training	16,272	1,707
Board of Directors transportation	10,150	12,950
Franchise fees	40,658	44,123
Community service	25,000	-
Water and electricity	65,706	59,822
Doubtful debts expense	40,418	42,645
Fines	-	397
Others	66,506	51,703
	<u>1,626,870</u>	<u>1,679,542</u>

(19) INCOME TAX

Deferred tax -

Movement on deferred tax assets is as follows:

	2016	2015
	JD	JD
Balance as of 1 January	180,179	308,067
Change in deferred tax assets for the year	-	22,328
Amortization of deferred tax assets	<u>(180,179)</u>	<u>(150,216)</u>
Balance as of 31 December	<u>-</u>	<u>180,179</u>

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Income tax provision -

Movement on income tax provision is as follows:

	2016	2015
	JD	JD
Balance as of 1 January	5,108	146,635
Provision for subsidiaries income tax	637	5,530
Income tax provision (parent company)	44,362	-
Paid income tax	(4,726)	(147,057)
Balance as of 31 December	45,381	5,108

The income tax appearing in the consolidated income statement represents the following:

	2016	2015
	JD	JD
Income tax provision	44,999	5,530
Deferred tax assets for the year	177,789	127,888
Income tax expense	222,788	133,418

Jordan Investment Trust Company has reached a final settlement with the Income tax department until the end of the financial year of 2013.

The Income tax department reviewed Jordan Investment Trust Company's accounting records for the year 2014 and reached a decision as not to accept the accumulated losses for the year 2009 which is still pending before the court as no decision was reached till this date. The company claimed total income tax for an amount JD 52,125 in addition to a legal compensation equal to JD 40,900 which raised an objection in the court of law and no decision was reached to the date of preparing these financial statements.

The income tax department reviewed the accounting records of Jordan Investment Trust Company for the year 2009 and the non-approval decision was issued to write off the losses which raised an objection in the court of law and the case is still pending.

Jordan Investment Trust Company submitted the tax declaration for the year 2015, however the income tax department did not review it to the date of preparing these financial statements.

The Income Tax Department reviewed the subsidiary Imcan for financial services (Subsidiary) accounting records for the years from 2007 to 2009 and decided to impose income tax differences of JD 210,850 and JD 57,889, and to rollover losses with amount of JD 368,508. In the management and the group tax consultant opinion the company will not be subject to any obligations against these claims. Final settlement was reached with Income tax department for the year 2014. The company submitted its annual declaration for 2015, however the income tax department did not review it to the date of preparing these financial statements.

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A final settlement was reached with the income tax department for Al-Mota'dedeh for Restaurants Management Company and Trust and Hospitality for Financial Investments Company until year 2015.

Arabian for coffee Company submitted their annual declaration for the year 2015, however the income tax department did not review it to the date of preparing these financial statements. A final settlement was reached with the income tax department for the year 2014.

A final clearance was reached with the sales and income tax department for Al-Ihdathiat company until year 2014. Al-Ihdathiat also submitted their annual declaration for the year 2015, however the income tax department did not review it to the date of preparing these financial statements.

(20) EARNINGS PER SHARE

	<u>2016</u>	<u>2015</u>
	JD	JD
Profit for the year attributable to shareholders (JD)	967,487	208,529
Weighted average number of shares (share)	26,907,393	26,907,393
	<u>Fils /JD</u>	<u>Fils JD</u>
Basic and diluted earnings per share	<u>0/036</u>	<u>0/008</u>

(21) CONTINGENT LIABILITIES

As of the date of the financial statements, the Group is contingently liable in respect of a bank guarantee amounting to JD 1,840,000 as of 31 December 2016 (2015: JD 1,840,000) for the benefit of the Jordan Securities Commission in accordance with the Jordan Securities Commission Law No. 76 of 2007, in addition to other bank letters of guarantee for the benefit of the Securities Depository Center amounted to JD 500,000.

(22) OFF-BALANCE SHEET ITEMS

The Group holds investments for others amounting to JD 544,940 as at 31 December 2016 (2015: JD 478,394).

(23) RELATED PARTIES TRANSACTIONS

Related parties Transactions represent the transactions made with associated companies, major shareholders, directors, and key management personnel of the Group, and entities which have main controlling shareholders

Pricing policies and terms of the transactions with related parties are approved by the Group's management.

Subsidiaries

The consolidated financial statements include the financial statements of Jordan Investment Trust Company and the subsidiaries listed in the following table:

Company's name	Country of Incorporation	Ownership percentage	Company's capital	
			2016	2015
			JD	JD
Medical Clinics	Jordan	76,64	1,958,843	1,958,843
Imcan for Financial Services	Jordan	68,35	1,300,000	1,300,000
Akar Limited Company	British Virgin Islands	100	300,000	300,000
Amwaj Financial Investments	Jordan	100	60,000	60,000
Mazaya Financial Investments	Jordan	100	60,000	60,000
Burhan Al-Thiqa Financial Investments	Jordan	100	60,000	60,000
Nebras Financial Investments	Jordan	100	60,000	60,000
Knowledge Bases Financial Investments	Jordan	100	60,000	60,000
Al Rafah Financial Investments	Jordan	100	60,000	60,000
Trust and Sham Financial Investments	Jordan	100	81,000	81,000
Trust and Hospitality Financial Investments	Jordan	100	2,000,000	2,000,000
Al Sahel Financial Investments	Jordan	100	60,000	60,000
The Arabian Coffee	Jordan	100	60,000	60,000
Zohoor Al-Thiqa for Real Estate	Jordan	100	50,000	50,000
Al Olbah Real Estate	Jordan	100	50,000	50,000
Al Tawon for Real Estate Management	Jordan	100	10,000	10,000
Al-Mota'dedeh for Restaurants Management	Jordan	100	600,000	600,000
Al-Ihdathiat Real Estate Company	Jordan	58	4,486,627	4,070,627
Trust and Dubai Investment	Jordan	100	2,334,842	2,334,842

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Executive management's Compensations and remunerations

The remuneration of executive management was as follows:

	<u>2016</u>	<u>2015</u>
	JD	JD
Salaries and bonuses	<u>203,710</u>	<u>204,410</u>

Account receivables and payables include related parties transactions as follows:

	<u>2016</u>	<u>2015</u>
	JD	JD
Account receivables	<u>4,222</u>	<u>3,243</u>

The balances shown in the end of the year represent balances resulting from the main operations of the company.

Related parties transactions representing in the consolidated comprehensive income statement is as fol

	<u>2016</u>	<u>2015</u>
	JD	JD
Credit Brokerage commissions	<u>985</u>	<u>16,551</u>

(24) MATERIAL SUBSIDIARIES AND PARTIALLY OWNED BY THE GROUP

Below is the financial information of related parties, where the balance of non-controlling interest is material:

Company's name	Country of incorporation	Ownership percentage	Company's capital	
			2016	2015
Al-Ihdathiat Real Estate Company	Jordan	Property Investments	58%	54%
Imcan for Brokerage	Jordan	Brokerage	68,35%	68,35%

Below is the summary of financial information for subsidiaries. The following information represent the amounts before the elimination of related parties' transactions.

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a. Summary of financial position statement

	Imcan Brokerage Company		Al-Ihdathiat Real Estate Company	
	2016	2015	2016	2015
	JD	JD	JD	JD
Current assets	386,632	386,632	78,302	78,109
Non- current assets	1,057,695	1,039,336	3,416,520	3,420,094
Current Liabilities	(211,972)	(199,727)	(89,227)	(303,003)
Net equity	1,232,355	1,226,241	3,405,595	3,195,200
Non- controlling interest	371,815	388,111	1,633,875	1,747,331

b. Summary of income statement

	Imcan Brokerage Company		Al-Ihdathiat Real Estate Company	
	2016	2015	2016	2015
	JD	JD	JD	JD
Total revenues	36,595	34,839	5,449	15,005
Total expenses	(88,081)	(122,230)	(49,522)	(103,380)
Loss for the year	(51,486)	(87,391)	(44,073)	(88,375)

c. Summary of cash flow statement

	Imcan Brokerage Company		Al-Ihdathiat Real Estate Company	
	2016	2015	2016	2015
	JD	JD	JD	JD
Cash flow				
Operating activities	(34,307)	(47,091)	(245,306)	(806,588)
Investing activities	-	16,357	2,002	3,664
Financing activities	70,600	129,400	254,592	575,123
Net increase (decrease) in cash and cash equivalents	36,293	98,666	11,288	(227,801)

(25) FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, financial assets at fair value through profit or loss, customers' accounts receivables, financial assets at fair value through other comprehensive income, amounts due from related parties and some other current assets. Financial liabilities consist of due to banks, loans, customers' accounts payable amounts, due to related parties and some other credit balances.

The fair value of financial instruments is not materially different from its carrying values.

For the purpose of the measurement and presentation of the fair value of financial instruments, the Group uses the following hierarchy:

First level: The market prices in effective markets for the same assets and liabilities.

Third level: Other techniques, where all inputs that have a significant impact on the fair value but not based on market information that can be observed.

The following table represents financial instruments at fair value analysis and based on the hierarchy mentioned above:

	First level	Third level	Total
	JD	JD	JD
2016 -			
Financial assets			
Financial assets at fair value through profit or loss	5,632,438	1,033,057	6,665,495
Financial assets at fair value through other comprehensive income	129,798	-	129,798
2015 -			
Financial assets			
Financial assets at fair value through profit or loss	4,961,430	1,033,057	5,994,487
Financial assets at fair value through other comprehensive income	164,860	-	164,860

(26) RISK MANAGEMENT

Interest rate risk

Interest rate risk arises from the possible impact of changes in interest rates on the fair value or future cash flows of financial instruments.

The Group is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, investments in bonds, due to banks and loans).

The following table demonstrates the sensitivity of the income statement to reasonably possible changes in interest rates as of 31 December, with all other variables held constant.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

	<i>Increase in basis points (Point)</i>	<i>Effect on profit JD</i>
2016		
JD	100	(4,753)
	<i>Increase in basis points (Point)</i>	<i>Effect on profit JD</i>
2015		
JD	100	(2,511)

The effect of decrease in interest rates is expected to be equal and opposite to the effect of the increase shown above.

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Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial commitments as they fall due.

The Group limits its liquidity risk by ensuring that the bank facilities are available.

The table below summarises the maturities of the Group's (undiscounted) financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Total</i>
	JD	JD	JD	JD
31 December 2016				
Loans	15,125	326,476	406,300	747,901
Brokerage payable	108,430	-	-	108,430
Other Credit Balances	1,292,319	-	-	1,292,319
Total	<u>1,415,874</u>	<u>326,476</u>	<u>406,300</u>	<u>2,148,650</u>
31 December 2015				
Loans	1,210	3,967	743,112	748,289
Brokerage payable	94,862	-	-	94,862
Other Credit Balances	1,480,427	-	-	1,480,427
Total	<u>1,576,499</u>	<u>3,967</u>	<u>743,112</u>	<u>2,323,578</u>

Equity price risk

The following table demonstrates the sensitivity of the consolidated income statement and the cumulative changes in fair value attributed to reasonably possible changes in equity prices, with all other variables held constant.

	<i>Change in equity price</i>	<i>Effect on loss</i>	<i>Effect on equity</i>
	%	JD	JD
Index			
2016 -			
Amman Stock Market	+5	281,622	6,490
2015 -			
Amman Stock Market	+5	248,072	8,243

The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

Credit risk

This is the risk that the debtors and other parties will fail to discharge their obligations to the Group.

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Group has its deposits and funds in leading financial institutions.

Currency risk

Most of the Group's transactions are in Jordanian Dinar and US Dollars. The Jordanian Dinar is fixed against US Dollar therefore currency risk is considered not significant.

(27) SEGMENTAL INFORMATION

Segmental information for the basic sectors :

For management purposes, the Group is organized into three major business segments:

Financial investments - Principally trading in equities and bonds, in addition to investment in associates and deposits at banks and act as a custodian.

Food and Beverage - Principally providing food and beverage services.

Investment properties - Principally trading and renting properties and land owned by the Group.

These segments are the basis on which the Group reports its primary segment information.

	Financial Investments	Food and Beverage	Investment properties	Others	Total
	JD'000	JD'000	JD'000	JD'000	JD'000
2016 -					
Segment revenues	2,185	760	87	21	3,053
Distributed expenses	(720)	(903)	(113)	(163)	(1,899)
Profit (loss) before income tax	1,465	(143)	(26)	(142)	1,154
Income tax expense					(223)
Profit for the year					931

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	Financial Investments	Food and Beverage	Investment properties	Others	Total
	JD'000	JD'000	JD'000	JD'000	JD'000
2015 -					
Segment revenues	776	804	525	144	2,249
Distributed expenses	(806)	(984)	(103)	(102)	(1,995)
Profit before income tax and discontinued operations	(30)	(180)	422	42	254
Income tax expense	-	-	-	-	(133)
Profit for the year					<u>121</u>
2016 -					
Assets and Liabilities					
Segment assets	22,938	690	9,207	449	33,284
Total Assets					<u>33,284</u>
Segment liabilities	1,599	59	237	186	2,081
Total Liabilities					<u>2,081</u>
2015 -					
Assets and Liabilities					
Segment assets	22,224	867	9,029	452	32,572
Total Assets					<u>32,572</u>
Segment liabilities	1,555	284	276	144	2,259
Total Liabilities					<u>2,259</u>

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Secondary segment information:

Assets and liabilities, revenues were distributed geographically as follows:

	Local	Foreign	Total
	JD	JD	JD
2016 -			
Assets -			
Cash on hand and at banks	430,481	-	430,481
Financial assets at fair value through profit or loss	6,662,399	3,096	6,665,495
Financial assets at fair value through other comprehensive income	129,798	-	129,798
Accounts receivable – net	198,355	-	198,355
Investment in associates	-	12,976,435	12,976,435
Other debit balances	450,257	240,096	690,353
Property and equipment	2,735,918	-	2,735,918
Investment properties	9,086,596	120,350	9,206,946
Intangible assets	250,763	-	250,763
Liabilities -			
Loans	679,386	-	679,386
Brokerage customers payable	108,430	-	108,430
Other credit balances	1,292,319	-	1,292,319
Revenues	1,550,356	1,502,154	3,052,510
2015 -			
Assets -			
Cash on hand and at banks	689,634	-	689,634
Financial assets at fair value through profit or loss	5,991,232	3,255	5,994,487
Financial assets at fair value through other comprehensive income	164,860	-	164,860
Accounts receivable – net	187,332	-	187,332
Investment in associates	-	12,559,105	12,559,105
Other debit balances	577,782	290,195	867,977
Property and equipment	2,815,808	-	2,815,808
Investment properties	9,029,979	-	9,029,979
Intangible assets	263,623	-	263,623
Liabilities -			
Loans	684,222	-	684,222
Brokerage payable	94,862	-	94,862
Other credit balances	1,480,427	-	1,480,427
Revenues	1,221,819	1,027,520	2,249,339

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(28) MATURITIES ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

	Within one year JD	More than one year JD	Total JD
2016 -			
Assets			
Cash on hand and at banks	430,481	-	430,481
Financial assets at fair value through profit or loss	6,665,495	-	6,665,495
Financial assets at fair value through other comprehensive income	-	129,798	129,798
Accounts receivable – net	198,355	-	198,355
Investments in associates	-	12,976,435	12,976,435
Other debit balances	450,257	240,096	690,353
Investment properties	-	2,735,918	2,735,918
Property and equipment	-	9,206,946	9,206,946
Intangible asset	-	250,763	250,763
Total assets	7,744,588	25,539,956	33,284,544
Liabilities-			
Loans	312,594	366,792	679,386
Brokerage payable	108,430	-	108,430
Other credit balances	1,292,319	-	1,292,319
Total liabilities	1,713,343	366,792	2,080,135
Net	6,031,245	25,173,164	31,204,409
2016 -			
Assets			
Cash on hand and at banks	689,634	-	689,634
Financial assets at fair value through profit or loss	5,994,487	-	5,994,487
Financial assets at fair value through other comprehensive income	-	164,860	164,860
Accounts receivable – net	187,332	-	187,332
Investments in associates	-	12,559,105	12,559,105
Other debit balances	577,782	290,195	867,977
Investment properties	-	2,815,808	2,815,808
Property and equipment	-	9,029,979	9,029,979
Intangible asset	-	263,623	263,623
Total assets	7,449,235	25,123,570	32,572,805
Liabilities-			
Loans	4,836	679,386	684,222
Brokerage payable	94,862	-	94,862
Other credit balances	1,480,427	-	1,480,427
Total liabilities	1,580,125	679,386	2,259,511
Net	5,869,110	24,444,184	30,313,294

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(29) ACQUISITION OF A SUBSIDIARY

The acquisition of Al-Ihdathiat Real Estate Company

On 1 January 2016 the Group has consolidated its associate investments in Al-Ihdathiat Real Estate Company, where the ownership in its paid up capital is 43% due to the full control of the Group over the board of directors of the associate with 5 members.

The fair value of the assets and liabilities of the company on acquisition date is as follows:

	Fair value on acquisition date JD	Book value on acquisition date JD
Property and Equipment	660	660
Investments Properties	3,005,535	2,402,188
Financial Assets through other comprehensive income	6,340	6,340
Other debit balances	8,558	8,558
Cash on hand and at banks	299,989	299,989
Total Assets	3,321,082	2,717,735
Other credit balances	52,643	52,643
Total Liabilities	52,643	52,643
Net of acquired assets at fair value	3,268,439	
Less: Non-controlling interest	(1,861,922)	
Less: book value of investments after control realization	(1,380,889)	
Gain from acquisition	25,628	
Net Cash from acquisition	299,989	

Acquisition of additional share in Al-Ihdathiat Real Estate Company

On August 2015, the Group has increased its share in Al-Ihdathiat Real Estate Company after the acquisition date from 43% to 54% through the subscription in 883,135 share at a price of 600 fils per share

On April 2016, the Group has increased its share in Al-Ihdathiat Real Estate Company after the acquisition date from 54% to 58% through the subscription in 416,000 share at a price of 612 fils per share

(30) CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions.

Based on the General Assembly meeting held on 23 April 2015, the board approved to write off part of the accumulated losses of the parent company (Jordan Investment Trust Company) amounting JD 5,814,894 in share premium account.

The underlying items in capital structure are represented in share capital, treasury shares, share premium, statutory reserve, voluntary reserve, accumulated losses and fair value reserve measured at JD 28,968,934 as at 31 December 2016 (2015: JD 27,945,852).

(31) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments (Implemented IFRS 9)

During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". The Group has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The new version of IFRS 9 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The amendments will be effective for annual periods beginning on or after 1 January 2017, with early application permitted. The application of amendments will result in adding limited amount of disclosure information.

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.



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