

**هيئة الأوراق المالية**  
**الدائرة الإدارية / الدمام**

٢٨ آذار ٢٠١٨

الرقم التسلسلي ..... ٣٥٣٧٨  
الجهة المختصة ..... أ.د.ع.ب.أ.و.ع.ب.

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\* يوم الاثنين  
البريد  
البريد

## Amman - Jordan

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I'm pleased to inform you that the Board of directors of Jordanian Expatriates Investment Holding Company, decided to invite shareholders to the meeting of the general assembly to be held at one o'clock on Wednesday afternoon 11/4/2018, at the headquarters of the regional office of Trust International Insurance (Cyprus) Limited company - located at 11 - Mohammad Ali Janah street - Abdoun - Amman - Jordan.

We enclose you (4) copies of the annual report as well as a CD containing the report material stored in PDF file.

**Best Regards**

**Kifaya Haj Ali**  
**Acting General Manager**

**Kifaya Haj Ali**  
**Acting General Manager**



**Jordanian Expatriates Investment Holding Company**  
**Public Shareholding Company**

**Consolidated Financial Statements as at 31 December 2017**  
**Together With**  
**Independent Auditor's Report**

**Arab Professionals**

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**Jordanian Expatriates Investment Holding Company**  
**Public Shareholding Company**

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## Arab Professionals

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### INDEPENDENT AUDITOR'S REPORT

To The Shareholders of  
Jordanian Expatriates Investment Holding Company  
Public Shareholding Company  
Amman - Jordan

#### Opinion

We have audited the consolidated financial statements of Jordanian Expatriates Investment Holding Company PLC, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, 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 consolidated financial position of the Company as at 31 December 2017, and its consolidated financial performance and its consolidated 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Hashemite Kingdom of Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

##### (1) Impairment of Receivables

Included in the accompanying Financial Statements at the end of the year 2017 accounts receivables totaling JOD (1,517,664). As the provision of the doubtful portion of these receivables is dependent on the management's estimates of the timing and value of the amounts expected to be collected, the adequacy of the doubtful accounts provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating the provision of doubtful accounts and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.

**(2) Provision of Contingent Losses Against Legal Proceedings**

International Financial Reporting Standards require Company's management to adequately provide against the contingent liabilities that may arise from legal proceedings. Since the provision amount is primarily dependent on the expected future outcome of the legal proceedings, determining its adequacy is considered a key audit matter. The audit procedures performed by us to address this key audit matter included reviewing the correspondences with the Company's legal advisors. We have also assessed whether the Company's disclosures detailing significant legal proceedings adequately disclose the potential liabilities of the Company.

**Other Information**

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

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

**Auditor's Responsibilities for the Audit of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- 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 reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records and the accompanying consolidated financial statements are in agreement therewith and with the financial data presented in the Board of Directors, and we recommend the General Assembly to approve it.

5 March 2018  
Amman - Jordan



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**Jordanian Expatriates Investment Holding Company**  
**Public Shareholding Company**  
**Consolidated Statement of Financial Position as at 31 December 2017**

(In Jordanian Dinar)

	Notes	2017	2016
<b>Assets</b>			
Cash and cash equivalents	3	5,871,551	6,122,559
Financial assets at fair value through statement of profit or loss	4	7,303,358	7,211,556
Brokerage receivables	5	226,960	205,548
Margin financing receivables		791,891	1,017,380
Brokers receivable		318,849	33,233
Settlement guarantee fund		89,000	189,000
Other current assets	6	319,030	295,018
Financial assets at fair value through other comprehensive income	7	3,667,857	3,667,857
Financial assets at amortized cost	8	925,222	814,306
Investment property	9	2,846,481	2,857,743
Property and equipment	10	6,417	14,139
Brokerage license		1	1
<b>Total assets</b>		<b>22,366,617</b>	<b>22,428,340</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Brokerage payables		59,182	60,640
Amounts due to related parties	13	187,386	-
Other current liabilities	11	459,114	343,692
<b>Total liabilities</b>		<b>705,682</b>	<b>404,332</b>
<b>Equity</b>	12		
Paid in capital		16,125,000	16,125,000
Addition paid in capital		105,986	105,986
Statutory reserve		2,263,788	2,263,788
Voluntary reserve		11,448	11,448
Retained earnings		1,940,980	2,250,816
<b>Total shareholders equity</b>		<b>20,447,202</b>	<b>20,757,038</b>
Non-controlling interests		1,213,733	1,266,970
<b>Total equity</b>		<b>21,660,935</b>	<b>22,024,008</b>
<b>Total liabilities and equity</b>		<b>22,366,617</b>	<b>22,428,340</b>

"The accompanying notes from (1) to (24) are integral part of these consolidated financial statements"

**Jordanian Expatriates Investment Holding Company**  
**Public Shareholding Company**  
**Consolidated Statement of Profit or Loss for the Year Ended 31 December 2017**

(In Jordanian Dinar)

	Notes	2017	2016
Dividend income		432,249	486,691
Brokerage commissions		163,259	177,714
Interest income on margin financing accounts		71,435	63,941
Change in fair value of financial assets at fair value through profit or loss		( 577,905)	( 494,017)
Gain from sale of financial assets at fair value through profit or loss		299,367	154,941
Interest income from bank deposits		250,096	174,309
Interest income from financial assets at amortized cost		48,595	6,723
Gain from sale of financial assets at amortized cost		30,353	-
Loss from sale of investment properties		( 5,862)	-
Legal expenses	16	( 629,271)	( 88,039)
Administrative expenses	14	( 437,512)	( 450,023)
Other income	15	69,659	9,619
(Loss) profit before income tax		( 285,537)	41,859
Income tax for the year	19	( 77,536)	( 61,640)
Loss for the year		<u>( 363,073)</u>	<u>( 19,781)</u>
Loss for the year attributable to:			
Shareholders of the company		( 309,836)	( 12,937)
Non-controlling interests		<u>( 53,237)</u>	<u>( 6,844)</u>
		<u>( 363,073)</u>	<u>( 19,781)</u>
Basic and diluted loss per share	17	<u>( 0.019)</u>	<u>( 0.001)</u>

"The accompanying notes from (1) to (24) are integral part of these consolidated financial statements"



**Jordanian Expatriates Investment Holding Company**  
**Public Shareholding Company**  
**Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2017**

(In Jordanian Dinar)

	<u>2017</u>	<u>2016</u>
Loss for the year	( 363,073)	( 19,781)
Other comprehensive income:		
Change in fair value of financial assets through other comprehensive income	-	168,304
Total comprehensive (loss) income for the year	<u>( 363,073)</u>	<u>148,523</u>
Total comprehensive (loss) income for the year attributable to:		
Shareholders of the company	( 309,836)	155,367
Non-controlling interests	<u>( 53,237)</u>	<u>( 6,844)</u>
	<u>( 363,073)</u>	<u>148,523</u>

"The accompanying notes from (1) to (24) are integral part of these consolidated financial statements"

Jordanian Expatriates Investment Holding Company  
Public Shareholding Company  
Consolidated Statement of Changes in Equity for the Year Ended 31 December 2017

(In Jordanian Dinar)

	Paid in capital	Additional paid in Capital	Reserves	Fair value adjustments	Retained * earnings	Total shareholder's equity	Non-controlling interests	Total equity
			Statutory	Voluntary				
Balance at 1 January 2017	16,125,000	105,986	2,263,788	11,448	2,250,816	20,757,038	1,266,970	22,024,008
Total comprehensive loss for the year	-	-	-	-	( 309,836)	( 309,836)	( 53,237)	( 363,073)
Balance at 31 December 2017	16,125,000	105,986	2,263,788	11,448	1,940,980	20,447,202	1,213,733	21,660,935
Balance at 1 January 2016	16,125,000	105,986	2,258,918	11,448	2,100,319	20,601,671	1,273,814	21,875,485
Total comprehensive income for the year	-	-	-	-	( 12,937)	155,367	( 6,844)	148,523
Gain from sale of financial assets through other comprehensive income	-	-	-	-	168,304	-	-	-
Statutory reserve	-	-	4,870	-	( 4,870)	-	-	-
Balance at 31 December 2016	16,125,000	105,986	2,263,788	11,448	2,250,816	20,757,038	1,266,970	22,024,008

\* Retained earnings as at 31 December 2017 dose not include unrealized gains related to changes in fair value of financial assets at fair value through statement of profit or loss not allowed to be distributed to shareholders.

"The accompanying notes from (1) to (24) are integral part of these consolidated financial statements"

**Jordanian Expatriates Investment Holding Company**  
**Public Shareholding Company**  
**Consolidated Statement of Cash Flows for the Year Ended 31 December 2017**

(In Jordanian Dinar)

	2017	2016
<b>Operating Activities</b>		
(Loss) profit for the year before income tax	( 285,537)	41,859
Depreciation	8,822	11,004
Change in fair value of financial assets at fair value through profit or loss	577,905	494,017
Provision against lawsuit	98,022	-
Gain from sale of financial assets at amortized cost	( 30,353)	-
Loss from sale of investment properties	5,862	-
<b>Changes in Working Capital</b>		
Financial assets at fair value through profit or loss	( 669,707)	74,349
Brokerage receivables	( 22,870)	( 325,294)
Margin financing receivables	225,489	( 169,190)
Brokers receivable	( 285,616)	60,861
Settlement guarantee fund	100,000	-
Other current assets	( 24,012)	( 203,268)
Other current liabilities	10,118	( 5,521)
Paid income tax	( 70,254)	( 42,178)
<b>Net Cash Flows Used in Operating Activities</b>	<u>( 362,131)</u>	<u>( 63,361)</u>
<b>Investing Activities</b>		
Financial assets at amortized cost	( 80,563)	( 814,306)
Investment property	5,400	( 87,909)
Property and equipment	( 1,100)	( 1,570)
Financial assets at fair value through other comprehensive income	-	168,304
<b>Net Cash Flows Used in Investing Activities</b>	<u>( 76,263)</u>	<u>( 735,481)</u>
<b>Financing Activities</b>		
Amounts due to related parties	187,386	( 28,698)
<b>Change in cash and cash equivalents</b>	( 251,008)	( 827,540)
Cash and cash equivalents at beginning of the year	6,122,559	6,950,099
<b>Cash and cash equivalents at end of the year</b>	<u>5,871,551</u>	<u>6,122,559</u>

"The accompanying notes from (1) to (24) are integral part of these consolidated financial statements"

**Jordanian Expatriates Investment Holding Company**  
**Public Shareholding Company**  
**Notes to the Consolidated Financial Statements**  
**31 December 2017**

(In Jordanian Dinar)

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**1. General**

Jordanian Expatriates Investment Holding Company was established on 2 July 1988 and registered in accordance with Jordanian Companies Law under No.(202) as public Shareholding Company. The Company's head office is in the Hashemite Kingdom of Jordan. Company's main objectives are to invest in industrial, commercial, agricultural, tourism and other economic fields.

Company's shares are listed in Amman Stock Exchange.

The accompanying consolidated financial statements were authorized for issue by the Company's Board of Directors on 5 March 2018, and require the approval of the General Assembly.

**2. Summary of significant accounting policies**

**Basis of preparation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

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

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

The accounting policies are consistent with those used in the previous year.

**Basis of Consolidation**

The consolidated financial statements comprise of the financial statements of the parent and its subsidiaries where the Company has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from their activities. The financial statements of the subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies. All balances, transactions, income, and expenses between the Company and its subsidiaries are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The results of operations of the subsidiaries are consolidated in the statement of profit or loss from the acquisition date which is the date on which control over subsidiaries is transferred to the Company. The results of operation of the disposed subsidiaries are consolidated in the comprehensive income to the disposal date which is the date on which the Company loses control over the subsidiaries.

Non - controlling interest represent the subsidiary equity not owned by the parent shareholders.

The following subsidiaries have been consolidated:

Company	Paid in capital	Ownership	Activity
Jordanian Expatriates for Financial Brokerage	4,000,000	60%	Brokerage services
Jordanian Expatriates for Real estate and Development	1,600,000	100%	Real estate investment

#### Adoption of new and revised IFRS standards

The following standards have been published that are mandatory for accounting periods after 31 December 2017. Management anticipates that the adoption of new and revised Standards will have no material impact on the consolidated financial statements of the Company.

Standard No.	Title of Standards	Effective Date
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021

#### 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, expenses and the provisions. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

- Management believes that the estimates are reasonable and are as follows:  
Management reviews periodically the tangible and intangible assets in order to assess the depreciation and amortization for the year based on the useful life and future economic benefits. Any impairment is taken to the consolidated statement of profit or loss.
- Management reviews periodically it's financial assets, which presented at cost to estimate any impairment in it's value, and an impairment of loss (it founded) is accrued in the consolidated statement of profit or loss.
- A provision for doubtful debts is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards.

#### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short - term highly liquid investments.

#### Accounts Receivable

Accounts receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

#### **Property, Plant and Equipment**

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

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

Depreciation is computed on a straight-line basis at annual depreciation rates:

Computers and Software	10-25%
Office Equipment	10-15%
Furniture and Decoration	10-20%
Vehicles	15%

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

#### **Financial Assets at Fair Value Through of Profit or Loss**

It is the financial assets held by the company for the purpose of trading in the near future and achieving gains from the fluctuations in market prices in the short term or trading margins.

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded at the consolidated statement of profit or loss upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the consolidated statement of profit or loss including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the consolidated statement of profit or loss.

Dividends and interests from these financial assets are recorded in the consolidated statement of profit or loss.

#### **Financial Assets at Fair Value Through Other Comprehensive Income**

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

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

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

These assets are not subject to impairment testing.

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

#### **Financial Assets at Amortized Cost**

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

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

#### **Trading and Settlement Date Accounting**

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

#### **Fair Value**

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

#### **Investment Properties**

Property held to earn rentals or for capital appreciation purposes as well as those held for undetermined future use are classified as investment property. Investment property is measured at cost less any accumulated depreciation and any accumulated impairment losses. The cost of constructed property includes the cost of material and any other costs directly attributed to bringing the property to a working condition for its intended use. Borrowing costs that are directly attributed to acquisition and construction of a property are included in the cost of that property.

#### **Intangible assets**

Intangible assets are classified on the basis of whether their useful lives are definite or indefinite. Those with definite useful lives are amortized over their lives and the amortization expense is taken to the statement of profit or loss. On the other hand, intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date, and the impairment loss (if any) is taken to the consolidated statement of profit or loss. Brokerage license has been amortized over its estimated useful life at (10 years).

#### **Accounts Payable and Accruals**

Accounts payable and accrued expenses are recognized when goods are received and services are performed.

#### Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position only when there are legal rights to offset the recognized amounts, the Company intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

#### Revenue Recognition

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

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

Dividend income is recognized when it is declared by the General Assembly of the investee Company.

Other revenues are recognized on the accrual basis.

#### Foreign Currencies

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

#### Income Tax

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

### 3. Cash and cash equivalents

	2017	2016
Current banks accounts	459,109	840,562
Time deposits	5,412,442	5,281,997
	<u>5,871,551</u>	<u>6,122,559</u>

Time deposits mature within (1) to (12) months, with an annual interest rate ranging between (2.6%) and (5.15%).



4. Financial assets at fair value through statement of profit or loss

	2017	2016
Investment in quoted shares – inside Jordan	983,120	1,145,092
Investment in quoted shares – outside Jordan	6,320,238	6,066,464
	<u>7,303,358</u>	<u>7,211,556</u>

5. Brokerage receivables

	2017	2016
Brokerage receivables	682,354	666,912
Amounts due from related parties *	835,310	835,310
Provision for doubtful accounts	( 1,290,704)	(1,296,674)
	<u>226,960</u>	<u>205,548</u>

\* There was no brokerage trading with related parties during 2017 and 2016.

Movements on provision for doubtful accounts are as follows:

	2017	2016
Balance at beginning of the year	1,296,674	1,307,012
Receivables written-off during the year	( 5,970)	( 10,338)
	<u>1,290,704</u>	<u>1,296,674</u>

Provision for doubtful accounts includes JOD (835,310) against amounts due from related parties, (JOD 835,310:2016).

The ageing of receivables past due but not impaired is as follows:

	2017	2016
Past due for 1-30 days	198,920	155,660
Past due for 31-90 days	19,627	20,440
Past due over 181 days	8,413	29,448
	<u>226,960</u>	<u>205,548</u>

Management believes that all past due but not impaired receivables are collectable in full.

6. Other receivables

	2017	2016
Margin on letter of guarantees	258,326	247,500
Accrued revenues	23,811	19,194
Prepaid expenses	17,224	17,782
Others	19,669	10,542
	<u>319,030</u>	<u>295,018</u>

7. Financial assets at fair value through other comprehensive income

	Country of Incorporation	Ownership percentage	Cost	Market Value
Trust Bank Algeria	Algeria	4,881%	3,667,856	Unquoted
Lebanese Canadian Bank (under liquidation) *	Lebanon	2%	1	Unquoted
			<u>3,667,857</u>	

\* Board of Directors believe that the Company will receive some proceeds from selling Lebanese Canadian Bank's net assets and it will pay its share from legal and consulting fees, while its difficult to estimate these proceeds and expenses at meantime.

8. Financial assets at amortized cost

	2017	2016
Foreign companies bonds - outside Jordan	<u>925,222</u>	<u>814,306</u>

Investment in bonds mature up to the year 2044 with an annual interest rate ranging between (5.38%) and (7.29%).

9. Investment property

The fair value of the investment properties as assessed by real estate experts equals an amount of JOD (4,529,892) as at 31 December 2017.

10. Property and equipment

	Computers and software	Office equipment	Furniture and Decoration	Vehicles	Total
<b>Cost</b>					
Balance at 1/1/2017	111,409	62,338	111,358	29,092	314,197
Additions	-	1,100	-	-	1,100
Balance at 31/12/2017	<u>111,409</u>	<u>63,438</u>	<u>111,358</u>	<u>29,092</u>	<u>315,297</u>
<b>Accumulated depreciation</b>					
Balance at 1/1/2017	106,303	53,738	110,926	29,091	300,058
Depreciation	5,105	3,286	431	-	8,822
Balance at 31/12/2017	<u>111,408</u>	<u>57,024</u>	<u>111,357</u>	<u>29,091</u>	<u>308,880</u>
Net book value at 31/12/2017	<u>1</u>	<u>6,414</u>	<u>1</u>	<u>1</u>	<u>6,417</u>
<b>Cost</b>					
Balance at 1/1/2016	111,409	60,768	111,358	29,092	312,627
Additions	-	1,570	-	-	1,570
Balance at 31/12/2016	<u>111,409</u>	<u>62,338</u>	<u>111,358</u>	<u>29,092</u>	<u>314,197</u>
<b>Accumulated depreciation</b>					
Balance at 1/1/2016	101,007	49,457	109,499	29,091	289,054
Depreciation	5,296	4,281	1,427	-	11,004
Balance at 31/12/2016	<u>106,303</u>	<u>53,738</u>	<u>110,926</u>	<u>29,091</u>	<u>300,058</u>
Net book value at 31/12/2016	<u>5,106</u>	<u>8,600</u>	<u>432</u>	<u>1</u>	<u>14,139</u>

11. Other current liabilities

	2017	2016
Shareholders' withholdings	115,518	124,220
Provision for income tax (Note 19)	78,023	70,741
Scientific research fund provision	82,901	82,901
End of service provision	65,963	54,055
Provision against lawsuit	98,022	-
Accrued expenses	10,730	5,803
Others	7,957	5,972
	<u>459,114</u>	<u>343,692</u>

12. Equity

**Paid-in capital**

The Company's authorized, subscribed and paid in capital is JOD (16,125,000) divided equally into (16,125,000) shares with par value of JOD (1) for each share as at 31 December 2017 and 2016.

**Additional paid in capital**

The Additional paid in capital is JOD (105,986) as at 31 December 2017 and 2016 resulted from the issuing some of the company's shares with price above the par value amounted to JOD (1).

**Statutory reserve**

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

**Voluntary reserve**

The accumulated amounts in this account represent 20% of the Company's net income before income tax according to the Companies Law. The voluntary reserve is available for distribution to shareholders.

**Non - controlling interest**

This presents the non - controlling interest of the Company from the subsidiaries shareholders equity, and the non - controlling interest is presented as a separate account into the consolidated statements of financial position, consolidated statement of profit and loss and consolidated statement of other comprehensive income.

**Proposed dividends**

The Board of Directors will propose to the General Assembly in its meeting which will be held during 2018 to distribute (10%) cash dividends to shareholders.

13. Related Parties Transactions

Party	Relationship Nature	Transaction Nature	Balance at year end
Nest Investment Company	Sister Company	Financing	<u>187,386</u>

14. Administrative expenses

	2017	2016
Salaries , wages and other benefits	199,145	225,412
Social security	17,258	15,056
Rents	34,468	36,239
Professional fees	27,360	25,620
Insurance	24,988	23,548
Fees and licenses	23,171	24,423
Depreciation (Note 10)	8,822	11,004
Maintenance	13,457	18,961
Post and telephone	7,176	6,277
Travel and transportation	18,370	17,325
End of service remuneration	11,909	6,008
Bank fees	10,780	10,386
Hospitality	6,058	4,368
Investor guarantee fund fees	4,345	4,450
Stationary	6,644	3,782
Advertisement	2,750	1,654
Board of Directors' transportation	-	1,200
Board of Directors' meetings attendance	4,200	-
Others	16,611	14,310
	<u>437,512</u>	<u>450,023</u>

15. Other income

	2017	2016
Currency exchange differences	67,350	( 21,317)
Other	2,309	30,936
	<u>69,659</u>	<u>9,619</u>

16. Legal expenses

This item consists of an amount totaling to JOD (531,249) which represents the amounts paid during the year 2017 by the Company for it's share from consultancy fees, legal fees, court fees, and costs of liquidating the Lebanese Canadian Bank. The Board of Directors believes that there will be some proceeds to be received by the Company against the sale of Bank's net assets, and an amount totaling to JOD (98,022) represents provision for labor lawsuit filed against the Jordanian Expatriates Brokerage Company (subsidiary company).

17. Basic and diluted loss per share

	2017	2016
Loss for the year	( 309,836)	( 12,937)
Weighted average number of shares	16,125,000	16,125,000
	<u>( 0.019)</u>	<u>( 0.001)</u>

**18. Executive management remunerations**

The remunerations of executive management during the years 2017 and 2016 amounted to JOD (53,315) and JOD (77,770) respectively.

**19. Income tax**

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

	2017	2016
Balance at beginning of the year	70,741	51,279
Income tax for the year	77,536	61,640
Paid income tax	( 70,254)	( 42,178)
Balance at end of the year (Note 11)	<u>78,023</u>	<u>70,741</u>

The following is the reconciliation between declared profit and taxable income:

	2017	2016
Declared loss (except for profit from foreign investments)	(1,033,910)	( 574,546)
Net of tax exempted income (expenses )	<u>514,495</u>	<u>465,610</u>
Taxable loss (subject to 20% )	( 519,415)	( 108,936)
Profit from foreign investments (subject to 10%)	<u>775,364</u>	<u>616,405</u>
Income tax for the year	<u>77,536</u>	<u>61,640</u>

- The Company has settled its tax liability with Income Tax Department up to the year ended 2014.
- The income tax returns for the years 2015 and 2016 have been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- The income tax provision for the year 2017 was calculated in accordance with the Income Tax Law.

**20. Segment reporting**

The Company is engaged mainly in investment in financial assets and real estate and brokerage activities as follow:

	2017		2016	
	Inside Jordan	Outside Jordan	Inside Jordan	Outside Jordan
Income from investment in financial assets	( 119,137)	352,496	105,902	253,517
Income from brokerage activities	234,694	-	241,655	-
Assets related to investment in financial assets	6,854,671	10,913,317	1,145,092	10,548,626
Assets related to Investment in real estate	2,846,481	-	2,857,743	-
Assets related to brokerage activities	1,426,701	-	1,445,161	-

**21. Contingent liabilities**

- The Company is contingently liable with respect to bank letters of guarantee for JOD (910,000).
- Jordanian Expatriates for Financial Brokerage Company (subsidiary company) appears as a defendant in a number of lawsuits pertaining to one party amounted to JOD (2,965,589) at end of the year 2017, the subsidiary has a right to recover losses from these lawsuits as per lawyer's opinion, the subsidiary filed a lawsuits against that party amounted to JOD (1,070,514), the accompanying consolidated financial statement include provision against lawsuits amounted to JOD (98,022). In the opinion of the Company's management and its lawyer the potential results of these lawsuits will not have a material effect on the consolidated financial position of the Company.

## 22. Analysis of the maturities of assets and liabilities

The following table illustrates the analysis of assets and liabilities according to the expected period of their recoverability or settlement.

2017	Less than one year	More than one year	Total
<b>Assets</b>			
Cash and cash equivalents	5,871,551	-	5,871,551
Financial assets at fair value through statement of profit or loss	7,303,358	-	7,303,358
Brokerage receivables	226,960	-	226,960
Margin financing receivable	791,891	-	791,891
Brokers receivables	318,849	-	318,849
Settlement guarantee fund	89,000	-	89,000
Other currents assets	319,030	-	319,030
Financial assets at fair value through other comprehensive income	-	3,667,857	3,667,857
Financial assets at amortized cost	-	925,222	925,222
Investment property	-	2,846,481	2,846,481
Brokerage license	-	1	1
Property and equipment	-	6,417	6,417
<b>Total assets</b>	<b>14,920,639</b>	<b>7,445,978</b>	<b>22,366,617</b>
<b>Liabilities</b>			
Brokerage payables	59,182	-	59,182
Amount due to related parties	187,386	-	187,386
Other current liabilities	459,114	-	459,114
<b>Total liabilities</b>	<b>705,682</b>	<b>-</b>	<b>705,682</b>
<b>2016</b>	<b>Less than one year</b>	<b>More than one year</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	6,122,559	-	6,122,559
Financial assets at fair value through statement of profit or loss	7,211,556	-	7,211,556
Brokerage receivables	205,548	-	205,548
Margin financing receivable	1,017,380	-	1,017,380
Brokers receivables	33,233	-	33,233
Settlement guarantee fund	189,000	-	189,000
Other currents assets	295,018	-	295,018
Financial assets at fair value through other comprehensive income	-	3,667,857	3,667,857
Financial assets at amortized cost	-	814,306	814,306
Investment property	-	2,857,743	2,857,743
Brokerage license	-	1	1
Property and equipment	-	14,139	14,139
<b>Total assets</b>	<b>15,074,294</b>	<b>7,354,046</b>	<b>22,428,340</b>
<b>Liabilities</b>			
Brokerage payables	60,640	-	60,640
Other current liabilities	343,692	-	343,692
<b>Total liabilities</b>	<b>404,332</b>	<b>-</b>	<b>404,332</b>

**23. Financial instruments**

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include of cash and cash equivalents, brokerage receivable and securities. Financial liabilities of the Company include brokerage payable and other current liabilities.

**Fair Value**

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

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

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

2017	Level 1	Level 2	Level 3	Total
Financial assets at fair value through statement of profit or loss	7,303,358	-	-	7,303,358
Financial assets at fair value through other comprehensive income	-	-	3,667,857	3,667,857
	<u>7,303,358</u>	<u>-</u>	<u>3,667,857</u>	<u>10,971,215</u>
2016	Level 1	Level 2	Level 3	Total
Financial assets at fair value through statement of profit or loss	7,211,556	-	-	7,211,556
Financial assets at fair value through other comprehensive income	-	-	3,667,857	3,667,857
	<u>7,211,556</u>	<u>-</u>	<u>3,667,857</u>	<u>10,879,413</u>

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

**Credit Risk**

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

The balance of the largest client amounted to JOD (248,050) from the total outstanding receivables as at 31 December 2017 compared to JOD (171,114) as at 31 December 2016.

**Currency Risk**

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



#### Liquidity Risk

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

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

2017	Less than one year	More than one year	Total
Brokerage payables	59,182	-	59,182
Amounts due to related parties	187,386	-	187,386
Other current liabilities	459,114	-	459,114
	<u>705,682</u>	<u>-</u>	<u>705,682</u>
2016	Less than one year	More than one year	Total
Brokerage payables	60,640	-	60,640
Other current liabilities	343,692	-	343,692
	<u>404,332</u>	<u>-</u>	<u>404,332</u>

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments.

The sensitivity of the Company's results or equity to movements in interest rates is not considered significant.

#### Equity Price Risk

Equity price risk results from the change in the fair value of equity securities. The Company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the consolidated statement of profit loss for the year 2017 would have been reduced / increased by JOD (730,336) (2016: JOD 721,156).

#### 24. Capital Management

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