

جوردانفست

شركة الثقة للاستثمارات الأردنية

To: Jordan Securities Commission
Amman Stock Exchange

Date: 21/3/2018

السادة هيئة الأوراق المالية المحترمين
السادة بورصة عمان المحترمين

التاريخ: ٢٧/٣/٢٠١٨

Subject: Audited financial statements for the
fiscal year ended 31/12/2017

الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية في
2017/12/31

Please find attached the audited financial statements
of Jordan Investment Trust for the fiscal year ended
31/12/2017

مرفق طيه نسخة من البيانات المالية المدققة لشركة الثقة للاستثمارات
الأردنية عن السنة المالية المنتهية في 2017/12/31

Regards

Ahmad H. Tantash
CEO



Jordinvest
Jordan Investment Trust P.L.C
Amman Jordan

ونفضلوا بقبول فائق الاحترام،،،

شركة الثقة للاستثمارات الأردنية
الرئيس التنفيذي
أحمد طنطش



شركة الثقة للاستثمارات الأردنية مع
عازن - الأردن

- To Securities depository center

- نسخة السادة مركز إيداع الأوراق المالية

بورصة عمان	
الدائرة الإدارية والمالية	
المدير العام	
٠٥ نيسان ٢٠١٨	الرقم التسلسلي
١٩٢١	رقم الملف
٣١٥ ٥٩	الجهة المختصة
٢٠١٨/٣/٢٧	

JORDAN INVESTMENT TRUST COMPANY

(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017



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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 2017, 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 2017, 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.

<p>1. Revenue recognition: Share of income from associate</p> <p>At 31 December 2017, the Group has associate investments amounting to JD 12,489,814 with share of profits recorded during the year 2017 amounted to JD 955,638 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.</p> <p>Refer to the note (2), (6) on the consolidated financial statements</p>	<p>How the key audit matter was addressed in the audit</p> <p>Our audit procedures included, amongst others, obtaining the financial statements from associates as of 31 December 2017 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 their financial statements.</p>
<p>2. Impairment of investment properties</p> <p>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.</p> <p>Refer to the note (2), (9) on the consolidated financial statements</p>	<p>How the key audit matter was addressed in the audit</p> <p>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.</p>



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Other information included in the Group's 2017 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 accounting records, which are in agreement with the consolidated financial statements.

Ernst & Young / Jordan

Waddah Isam Barkawi

License No. 591

Amman-Jordan

21 March 2018

(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2017

	Notes	2017 JD	2016 JD
ASSETS			
Cash on hand and at banks	3	1,016,777	380,031
Financial assets at fair value through profit or loss	4	7,154,099	6,665,495
Financial assets at fair value through other comprehensive income	4	108,333	129,798
Accounts receivable - net	5	158,611	198,355
Investments in associates	6	12,489,814	12,976,435
Other debit balances	7	507,194	690,353
Property and equipment	8	2,404,617	2,735,918
Investment properties	9	9,192,015	9,206,946
Intangible assets	10	-	250,763
Total Assets		33,031,460	33,234,094
LIABILITIES AND EQUITY			
Liabilities -			
Loans	11	268,435	679,386
Brokerage customers payables		123,642	108,430
Other credit balances	12	1,011,792	1,241,869
Total Liabilities		1,403,869	2,029,685
Equity -			
Shareholders equity	14		
Paid in capital		26,383,725	25,783,125
Share premium		746,349	746,349
Statutory reserve		2,627,073	2,578,727
Voluntary reserve		154,602	755,202
Fair value reserve		(153,675)	(132,210)
Accumulated losses		(108,401)	(762,259)
Shareholders equity		29,649,673	28,968,934
Non-controlling interests	15	1,977,918	2,235,475
Net Equity		31,627,591	31,204,409
Total Liabilities and Equity		33,031,460	33,234,094

The accompanying notes from 1 to 32 form part of these consolidated financial statements

**(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<u>Notes</u>	<u>2017</u> JD	<u>2016</u> JD
Revenue -			
Interest income		31,092	22,392
Profit from financial assets at fair value through profit or loss	16	570,030	638,388
Brokerage commissions		25,581	21,853
Share of profit from associates	6	955,638	1,502,154
Gain from sale of investment property		16,700	-
Other income	17	270,660	292,668
Net revenue		<u>1,869,701</u>	<u>2,477,455</u>
Expenses -			
Administrative expenses	19	1,308,738	1,093,260
Interest and commission		65,784	76,136
Other expenses	18	60,380	70,760
Total expenses		<u>1,434,902</u>	<u>1,240,156</u>
Profit before income tax from continued operations		<u>434,799</u>	<u>1,237,299</u>
Income tax expense	20	(35,452)	(222,788)
Profit for the year from continued operations		<u>399,347</u>	<u>1,014,511</u>
Profit (loss) for the year from discontinued operations	13	45,300	(83,922)
Profit for the year		<u>444,647</u>	<u>930,589</u>
Attributable to:			
Shareholders of the company		469,979	967,487
Non-controlling interests		(25,332)	(36,898)
		<u>444,647</u>	<u>930,589</u>
		<u>Fils /JD</u>	<u>Fils JD</u>
Basic and diluted earnings per share from profit of the year	21	<u>0/017</u>	<u>0/036</u>

The accompanying notes from 1 to 32 form part of these consolidated financial statements

(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	<u>2017</u>	<u>2016</u>
	JD	JD
Profit for the year	444,647	930,589
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>(21,465)</u>	<u>(39,474)</u>
Total other comprehensive income items for the year after tax	<u>(21,465)</u>	<u>(39,474)</u>
Total comprehensive income for the year	<u>423,182</u>	<u>891,115</u>
Attributable to:		
Shareholders of the company	448,514	928,013
Non-controlling interests	<u>(25,332)</u>	<u>(36,898)</u>
	<u>423,182</u>	<u>891,115</u>

The accompanying notes from 1 to 32 form part of these consolidated financial statements

**JORDAN INVESTMENT TRUST COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Reserves								Non-controlling interests	Total equity
	Paid in capital	Share premium	Statutory	Voluntary	Fair value reserve	Accumulated losses	Total	Non-controlling interests		
For the year ended 31 December 2017 -										
Balance as at 1 January 2017	25,783,125	746,349	2,578,727	755,202	(132,210)	(762,259)	28,968,934	2,235,475	31,204,409	
Shares dividends (note 14)	600,600	-	-	(600,600)	-	-	-	-	-	
Acquisition of non-controlling interests (Note 30)	-	-	-	-	-	232,225	232,225	(232,225)	-	
Transferred to statutory reserve	-	-	48,346	-	-	(48,346)	-	-	-	
Total comprehensive income for the year	-	-	-	-	(21,465)	469,979	448,514	(25,332)	423,182	
Balance as of 31 December 2017	26,383,725	746,349	2,627,073	154,602	(153,675)	(108,401)	29,649,673	1,977,918	31,627,591	
For the year ended 31 December 2016 -										
Balance as at 1 January 2016	25,783,125	746,349	2,427,893	755,202	(92,736)	(1,673,981)	27,945,852	2,367,442	30,313,294	
Transferred to statutory reserve	-	-	150,834	-	-	(150,834)	-	-	-	
Acquisition of non-controlling interests (Note 30)	-	-	-	-	-	95,069	95,069	(95,069)	-	
Total comprehensive income for the year	-	-	-	-	(39,474)	967,487	928,013	(36,898)	891,115	
Balance as of 31 December 2016	25,783,125	746,349	2,578,727	755,202	(132,210)	(762,259)	28,968,934	2,235,475	31,204,409	

The retained earnings, voluntary reserve and share premium can not be distributed to the extent of the negative fair value reserve amounting JD 153,675 as of 31 December 2017 (2016: JD 132,210).

The accompanying notes from 1 to 32 form part of these consolidated financial statements

JORDAN INVESTMENT TRUST COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	<u>Note</u>	<u>2017</u>	<u>2016</u>
		<u>JD</u>	<u>JD</u>
<u>OPERATING ACTIVITIES</u>			
Profit for the year from continued operations before tax		434,799	1,237,299
Profit (loss) for the year from discontinued operations before tax		45,300	(83,922)
Profit for the year before tax		<u>480,099</u>	<u>1,153,377</u>
Adjustments for -			
Interest Income		(31,092)	(22,392)
Provision for doubtful debts		142,443	40,418
Depreciation and amortization		336,926	250,726
Gain on revaluation of financial assets at fair value through profit and loss		(437,389)	(493,913)
Share of profit from associates		(955,638)	(1,502,154)
Gain from sale of a subsidiary		(97,904)	-
(Gain) loss on sale of property and equipment		(16,700)	1,100
Changes in working capital -			
Financial assets at fair value through profit or loss		(51,215)	(177,095)
Accounts receivable and other debit balances		(72,380)	126,183
Accounts payable and other credit balances		(67,796)	(443,052)
Income tax paid		(44,999)	(4,726)
Net cash used in operating activities		<u>(815,645)</u>	<u>(1,071,528)</u>
<u>INVESTING ACTIVITIES</u>			
Purchase of financial assets at fair value through other comprehensive income		-	(4,412)
Proceeds from sale of property and equipment		16,700	6,000
Purchase of property and equipment		(22,906)	(105,186)
Purchase of investment property		(44,958)	(236,857)
Dividends received from associate investments		1,442,260	1,084,824
Net cash proceed from sale of a subsidiary		430,313	-
Interest income received		31,092	22,392
Net cash from investing activities		<u>1,852,501</u>	<u>766,761</u>
<u>FINANCING ACTIVITIES</u>			
Loans		(400,110)	(4,836)
Net cash used in financing activities		<u>(400,110)</u>	<u>(4,836)</u>
Net increase (decrease) in cash and cash equivalents		636,746	(309,603)
Cash and cash equivalents at beginning of the year		380,031	689,634
Cash and cash equivalents at end of the year		<u>1,016,777</u>	<u>380,031</u>

The accompanying notes from 1 to 32 form part of these consolidated financial statements

(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 11 February 2018. 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 Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. 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.

CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2016 except for the followings:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Group's financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognised Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Group's financial statements.

Summary of significant accounting policies

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 not written off. Those investees are presented as part of the Group's consolidated statement of comprehensive income. 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.

Operating lease

Company as a lessee

Operating lease payments are recognized as an expense in the statement of income using the straight-line basis over the lease term.

Company as a lessor

Operating lease revenues are recognized as rental income in the statement of income using the straight-line basis over the lease term.

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 disclosure (26).

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>2017</u> JD	<u>2016</u> JD
Cash on hand	419	336
Call deposits	55,203	77,916
Time deposits *	743,722	75,655
Current accounts	<u>217,433</u>	<u>226,124</u>
	<u>1,016,777</u>	<u>380,031</u>

* Time deposits represent monthly deposits in Jordanian Dinar with an annual average interest rate from 3.25% - 4.5%.

(4) FINANCIAL ASSETS AT FAIR VALUE

A. Financial asses at fair value through profit or loss

	<u>2017</u> JD	<u>2016</u> JD
Shares*	<u>7,154,099</u>	<u>6,665,495</u>

B. Financial assets at fair value through other comprehensive income

	<u>2017</u> JD	<u>2016</u> JD
Shares Investment in listed companies	<u>108,333</u>	<u>129,798</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 2017 and 2016, 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:

	2017	2016
	JD	JD
Brokerage receivables	648,587	661,425
Employees' receivables	10,130	9,593
Less: provision for doubtful debts	(500,106)	(472,663)
	<u>158,611</u>	<u>198,355</u>

Movement on the allowance for doubtful debts is as follows:

	2017	2016
	JD	JD
Balance as of January 1	472,663	482,245
Reversed from provision for doubtful debts	-	(9,582)
Additions during the year	27,443	-
Balance as of December 31	<u>500,106</u>	<u>472,663</u>

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

	Past due not impaired				Total
	1-30 days	31-90 days	91-360 days	Over 360 days	
	JD	JD	JD	JD	JD
2017	-	-	-	158,611	158,611
2016	12,798	9,665	41,798	134,094	198,355

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	2017 JD	2016 JD
Addax Education Holding (AEH)	20	Bahrain	Education	-	1,602
First Education Holding (FEH)	31.6	Bahrain	Education	12,489,814	12,974,833
				<u>12,489,814</u>	<u>12,976,435</u>

During 2017 Addax Education Holding (AEH) an associate has been liquidated, which resulted in a gain for an amount of JD 95,497.

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

	2017 JD	2016 JD
Balance as of 1 January	12,976,435	12,559,105
Gain from associate liquidation	95,497	-
Group net share from profit	860,141	1,502,154
Dividends received from associates	(1,442,259)	(1,084,824)
Balance as of December 31	<u>12,489,814</u>	<u>12,976,435</u>

Summary of financial position Statement:

	AEH JD'000	FEH JD'000	Total JD'000
2017 -			
Current assets	-	14,871	14,871
Non – current assets	-	42,093	42,093
Current liabilities	-	(17,714)	(17,714)
Non – current liabilities	-	(525)	(525)
Net assets	<u>-</u>	<u>38,725</u>	<u>38,725</u>
Group Share from assets and liabilities	-	12,229	12,229
Book Value of Investment	<u>-</u>	<u>12,489</u>	<u>12,489</u>
2016 -			
Current assets	491	19,498	19,989
Non – current assets	-	37,396	37,396
Current liabilities	(2)	(16,031)	(16,033)
Non – current liabilities	-	(567)	(567)
Net assets	<u>489</u>	<u>40,296</u>	<u>40,785</u>
Group Share from assets and liabilities	97	12,726	12,823
Book Value of Investment	<u>1</u>	<u>12,975</u>	<u>12,976</u>

Summary of Income statement:

	AEH JD'000	FEH JD'000	Total JD'000
2017 -			
Revenue	-	17,301	17,301
Expenses	-	(14,578)	(14,578)
Profit of the year	-	2,723	2,723
Group share of income	-	860	860
2016 -			
Revenue	532	16,218	16,750
Expenses	(145)	(11,706)	(11,851)
Profit of the year	387	4,512	4,899
Group share of income	77	1,425	1,502

(7) OTHER DEBIT BALANCES

This item consists of the following:

	2017 JD	2016 JD
Income tax deposits	65,139	67,999
Prepaid expenses	51,035	98,349
Refundable deposits	79,254	23,273
Subsidiaries raw materials inventory	23,371	88,635
Account receivables - investments	340,096	340,709
Others	163,299	171,388
	722,194	790,353
Less: provision for doubtful debts	(215,000)	(100,000)
	507,194	690,353

Doubtful debts for the investments receivables were JD 215,000 as of 31 December 2017 against JD 100,000 as of 31 December 2016. The movement of the provision for doubtful debts was as follows:

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	<u>2017</u> JD	<u>2016</u> JD
Balance as of January 1	100,000	50,000
Provision for the year	<u>115,000</u>	<u>50,000</u>
Balance as of December 31	<u>215,000</u>	<u>100,000</u>

(8) PROPERTY AND EQUIPMENT

This item consists of the following:

	<u>Land *</u> JD	<u>Buildings</u> JD	<u>Equipment</u> JD	<u>Furniture , Fixtures and decorations</u> JD	<u>Vehicles</u> JD	<u>Total</u> JD
2017 -						
Cost -						
Balance as of 1 January 2017	895,953	1,660,985	1,391,815	1,268,892	220,120	5,437,765
Additions	-	-	19,901	3,005	-	22,906
Disposals	-	-	-	-	(65,000)	(65,000)
Sale of a subsidiary (note 13)	-	-	(172,741)	(83,507)	(18,816)	(275,064)
Balance as of 31 December 2017	<u>895,953</u>	<u>1,660,985</u>	<u>1,238,975</u>	<u>1,188,390</u>	<u>136,304</u>	<u>5,120,607</u>
Accumulated Depreciation -						
Balance as of 1 January 2017	-	462,885	1,259,919	882,355	96,688	2,701,847
Additions	-	28,970	60,468	108,060	17,840	215,338
Disposals	-	-	-	-	(65,000)	(65,000)
Sale of a subsidiary (note 13)	-	-	(87,224)	(42,407)	(6,564)	(136,195)
Balance as of 31 December 2017	<u>-</u>	<u>491,855</u>	<u>1,233,163</u>	<u>948,008</u>	<u>42,964</u>	<u>2,715,990</u>
Net Book Value -						
31 December 2017	<u>895,953</u>	<u>1,169,130</u>	<u>5,812</u>	<u>240,382</u>	<u>93,340</u>	<u>2,404,617</u>

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* 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
2016 -						
Cost -						
Balance as of 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 as of 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 -						
Balance as of 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)
As of 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>

(9) INVESTMENT PROPERTIES

This item consists of the following:

	Land *	Buildings	Projects under construction **	Advanced payment for investment property	Total
	JD	JD	JD	JD	JD
2017 -					
Cost -					
Balance as of 1 January 2017	2,700,204	4,951,935	1,944,013	120,349	9,716,501
Additions	12,518	32,440	-	-	44,958
Balance as of 31 December 2017	<u>2,712,722</u>	<u>4,984,375</u>	<u>1,944,013</u>	<u>120,349</u>	<u>9,761,459</u>
Accumulated Depreciation -					
Balance as of 1 January 2017	-	509,555	-	-	509,555
Deprecation for the year	-	59,889	-	-	59,889
Balance as of 31 December 2017	<u>-</u>	<u>569,444</u>	<u>-</u>	<u>-</u>	<u>569,444</u>
Net Book Value -					
31 December 2017	<u>2,712,722</u>	<u>4,414,931</u>	<u>1,944,013</u>	<u>120,349</u>	<u>9,192,015</u>

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	Land *	Buildings	Projects under construction **	Advanced payment for investment property	Total
	JD	JD	JD	JD	JD
2016 -					
Cost -					
Balance as of 1 January 2016	2,700,204	4,835,427	1,944,013	-	9,479,644
Additions	-	116,508	-	120,349	236,857
Balance as of 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 -					
Balance as of 1 January 2016	-	449,665	-	-	449,665
Depreciation for the year	-	59,890	-	-	59,890
Balance as of 31 December 2016	<u>-</u>	<u>509,555</u>	<u>-</u>	<u>-</u>	<u>509,555</u>
Net Book Value -					
Balance as of 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>

** This item represents an advanced payment for property investment outside Jordan. The apartment is expected to be completed in 2019 at a total cost of JD 1,102,750.

- The fair value of the investment properties as assessed by the real state evaluator equals an amount of JD 14,118,513 as of 31 December 2017 (31 December 2016: JD 13,978,694).
- 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

This items consist of the following:

	Goodwill	Trade name	Franchise	Arab East for Arabian management	Imcan for Brokerage	Total
	Al-	Al-Mota'dedeh Company for restaurants	Mota'dedeh Company for restaurants	Arab East for Arabian management	Imcan for Brokerage	
	JD	JD	JD	JD	JD	JD
Cost -						
Balance at 1 January 2017	150,859	413,863	248,195	-	500,000	1,419,270
Sale of a subsidiary (note 13)	(150,859)	(413,863)	(248,195)	-	-	(812,917)
Balance at 31 December 2017	-	-	-	-	500,000	606,353
Accumulated Amortization -						
Balance at 1 January 2017	-	413,863	210,161	-	500,000	1,168,507
Reclassification	-	-	(4,130)	-	-	-
Additions	-	-	3,959	-	-	61,699
Sale of a subsidiary (note 13)	-	(413,863)	(209,990)	-	-	(623,853)
Balance at 31 December 2017	-	-	-	-	500,000	606,353
Net Book Value -						
31 December 2017	-	-	-	-	-	-

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	Goodwill	Trade name		Franchise		Brokerage license	
		Al-Mota'dedeh Company	Al-Mota'dedeh Company for restaurants	Al-Mota'dedeh Company for restaurants	Arabian coffee	Arab East for restaurants management	Imcan for Brokerage
2016-	JD	JD	JD	JD	JD	JD	JD
Cost -							
Balance At 1 January 2016	150,859		413,863	248,195	106,353	-	500,000
Balance At 31 December 2016	150,859		413,863	248,195	106,353	-	500,000
Accumulated Amortization -							
Balance at 1 January 2016	-		413,863	202,244	39,540	-	500,000
Additions	-		-	7,917	4,943	-	-
Balance At 31 December 2016	-		413,863	210,161	44,483	-	500,000
Net Book Value -							
31 December 2016	150,859		-	38,034	61,870	-	250,763

(11) LOANS

This item consist of the following:

	Loan installments		2017	2016
	Short term	Long term		
	JD	JD	JD	JD
The Bank of Jordan (1)	206,431	-	206,431	666,530
The Bank of Jordan (2)	12,396	49,608	62,004	-
Capital Bank of Jordan	-	-	-	12,856
			<u>268,435</u>	<u>679,386</u>

The Bank of Jordan Loan (1)

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 8.5%. the loan is repayable after a grace period of 2 years in 60 equal monthly installment of JD 32,616 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, During 2017 an amount of JD 460,099 was paid of the loan balance without any penalty for early settlement and loan was rescheduled so first installment will be due on 14 November 2017 and the final installment on 14 October 2018.

The Bank of Jordan Loan (2)

On 11 January 2017, the Group signed a loan agreement with the Bank of Jordan for an amount of JD 74,400 with an annual interest rate of 8.25%. the loan is repayable in 60 equal monthly installment of JD 1,033 each, the first of which fell due on 31 December 2017 until the final settlement. The loan is used to finance the purchase of a car that was purchased at the end of 2016.

(12) OTHER CURRENT LIABILITIES

This item consist of the following:

	2017 JD	2016 JD
Portfolios payables	205,341	252,443
Withholding deposits	37,561	44,603
Postdated checks	3,315	37,223
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	53,204	39,900
Accrued expenses	44,667	100,167
Due to shareholders	124,475	124,562
Provision for income tax (Note 20)	35,834	45,381
Others	403,225	458,372
	<u>1,011,792</u>	<u>1,241,869</u>

(13) DISCONTINUED OPERATIONS

On 1 August 2017, the Group sold 100% of its interest in Al-Mota'dedeh for Restaurants Management Company for JD 475,000 based on board of director meeting held in 27 July 2017. The date 30 June 2017 was determined to be the date of sale based on the agreement signed with the buyer.

The result of Company for the period ended on 30 June 2017 and 31 December 2016 are presented below:

	30 June 2017 JD	31 December 2016 JD
Sales	288,846	551,048
Cost of sales	<u>(87,537)</u>	<u>(122,446)</u>
Gross profit	201,309	428,602
Other income	-	15,525
Less:		
Expenses	(236,820)	(487,164)
Depreciation and amortization	<u>(17,093)</u>	<u>(40,885)</u>
Loss for the period	(52,604)	(83,922)
Gain on disposal of subsidiary	97,904	-
Net profit (loss) from discontinued operations	<u>45,300</u>	<u>(83,922)</u>

The table below summarizes the net assets of the sold company as at (30 June 2017).

	<u>2017</u> JD
Current assets	
Other debit balances	95,205
Inventory	57,636
Cash and bank balances	13,751
	<u>166,592</u>
Non-current assets	
Property and equipment – net	138,869
Good will	150,859
Intangible assets	38,205
	<u>327,933</u>
Current liabilities	
Loan	10,841
Accrued and other current liabilities	137,524
	<u>148,365</u>
Net assets at the date of disposal	<u>346,160</u>
Gain on sale	
Selling price	475,000
Legal and consulting fees	(30,936)
Carrying value of the net assets of the sold company	(346,160)
	<u>97,904</u>
Cash resulted from sale of subsidiary	
Net cash received from the sale	444,064
Cash in the subsidiary at the date of sale	(13,751)
	<u>430,313</u>

(14) 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>2017</u> JD	<u>2016</u> JD
Subscribed and paid in capital	29,513,889	29,513,889
Treasury shares owned by the parent company*	(292,609)	(893,209)
Treasury shares owned by a subsidiary**	(2,837,555)	(2,837,555)
	<u>26,383,725</u>	<u>25,783,125</u>

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- * At its extraordinary meeting held on April 25, 2017 the general assembly decided to distribute 390,000 treasury shares at a cost of JD 600,600 owned by the company to the shareholders.
- ** Treasury shares represent a total of 2,026,491 shares owned by Trust and Dubai investment company which became a subsidiary of Jordan Investment Trust Company on January 1, 2010. The cost of these shares amounted to JD 2,837,555 on the date of acquisition. Note that the company has purchased these shares before the date of acquisition.

Share premium -

This amount represents the difference between the par value of the shares issued and their issue price at the date of issuance.

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.

(15) NON-CONTROLLING INTERESTS

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

	<u>2017</u> JD	<u>2016</u> JD
Al - Ihdathiat Real Estate Company	1,660,298	1,633,875
Medical Clinics Company	-	229,785
Imcan for Financial Services	<u>317,620</u>	<u>371,815</u>
	<u>1,977,918</u>	<u>2,235,475</u>

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

	<u>2017</u> JD	<u>2016</u> JD
Realized losses	(71,211)	-
Change in fair value	437,389	493,913
Shares dividends income	<u>203,852</u>	<u>144,475</u>
	<u>570,030</u>	<u>638,388</u>

(17) OTHER INCOME

	2017	2016
	JD	JD
Food and beverage sales	136,680	191,954
Rent revenue	108,571	87,419
Other	25,409	13,295
	<u>270,660</u>	<u>292,668</u>

(18) OTHER EXPENSES

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

(19) ADMINISTRATIVE EXPENSES

	2017	2016
	JD	JD
Salaries, wages and employees benefits	385,785	366,762
Travel and transportation	26,249	23,310
Rent	45,151	40,267
Administration, legal and professional fees	63,646	69,945
Insurance	8,067	6,909
Properties Tax expense	26,828	35,053
Mail and telephone	25,487	20,756
Stationary and publications	8,122	6,980
Advertisement	5,179	11,183
Hospitality	3,201	2,385
Government fees and licenses	54,196	54,354
Cleaning and maintenance services	32,635	25,829
Subscriptions	14,052	13,921
Donations	55,320	47,500
Legal interests	-	9,626
Depreciation	258,342	204,898
Amortization	61,492	4,943
Training	8,699	16,272
Board of Directors transportation	14,000	10,150
Franchise fees	8,025	11,452
Water and electricity	25,403	34,588
Doubtful debts expense	142,443	40,418
Others	36,416	35,759
	<u>1,308,738</u>	<u>1,093,260</u>

(20) INCOME TAX

Income tax provision -

Movement on income tax provision is as follows:

	<u>2017</u>	<u>2016</u>
	JD	JD
Balance as of 1 January	45,381	5,108
Income tax provision	35,452	44,999
Paid income tax	<u>(44,999)</u>	<u>(4,726)</u>
Balance as of 31 December	<u>35,834</u>	<u>45,381</u>

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

	<u>2017</u>	<u>2016</u>
	JD	JD
Income tax provision	35,452	44,999
Deferred tax assets for the year	<u>-</u>	<u>177,789</u>
Income tax expense	<u>35,452</u>	<u>222,788</u>

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 years 2014 and 2015 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 the year 2014 for an amount of JD 52,125 in addition to a legal compensation equal to JD 40,900, in 2015 income tax claimed was JD 206,365 which raised an objection in the court of law and no decision was reached to the date of preparing these financial statements.

Jordan Investment Trust Company submitted the tax declaration for the year 2016, 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 roll forward 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 and 2016, however the income tax department did not review it to the date of preparing these financial statements.

A final clearance was reached with the sales and income tax department for Al-Ihdathiat Real Estate Company until year 2014. Al-Ihdathiat also submitted their annual declaration for the years 2015 and 2016, however the income tax department did not review it to the date of preparing these financial statements.

Arabian for coffee Company submitted their annual declaration for the year 2015 and 2016, 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.

Medical Clinics Company submitted the tax declaration for the years 2013 to 2016, 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 2012.

(21) EARNINGS PER SHARE

	<u>2017</u>	<u>2016</u>
	JD	JD
Profit for the year attributable to shareholders (JD)	469,979	967,487
Weighted average number of shares (share)	27,297,393	26,907,393
	<u>Fils /JD</u>	<u>Fils JD</u>
Basic and diluted earnings per share	<u>0/017</u>	<u>0/036</u>

(22) CONTINGENT LIABILITIES

Bank Guarantees:

As of the date of the financial statements, the Group is contingently liable in respect of a bank guarantee amounting to JD 1,440,000 as of 31 December 2017 (2016: 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 300,000 as of 31 December 2017 (2016: JD 500,000).

Litigations held against the group:

The group has been sued in a number of legal claims related to its activities amounting to JD 73,707 (2016: JD 94,398).

In the estimation of the Group's management and the legal counsel, the group will have no obligation in excess of the provision recorded as of 31 December 2017 and 31 December 2016.

(23) OFF-BALANCE SHEET ITEMS

The Group holds investments for others amounting to JD 538,904 as at 31 December 2017 (2016: JD 544,940).

(24) 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	
			2017	2016
			JD	JD
Medical Clinics	Jordan	100	1,958,843	1,958,843
Imcan for Financial Services	Jordan	73	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	-	-	600,000
Al-Ihdathiat Real Estate Company	Jordan	58	4,486,627	4,486,627
Trust and Dubai Investment	Jordan	100	2,334,842	2,334,842

Executive management's Compensations and remunerations

The remuneration of executive management was as follows:

	2017	2016
	JD	JD
Salaries and bonuses	218,847	203,710

Account receivables and payables include related parties transactions as follows:

	<u>2017</u>	<u>2016</u>
	JD	JD
Account receivables	<u>5,398</u>	<u>4,222</u>

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

Related parties transactions represented in the consolidated comprehensive income statement is as follows:

	<u>2017</u>	<u>2016</u>
	JD	JD
Brokerage commissions income	<u>4,562</u>	<u>985</u>

(25) 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	Nature of activity	<u>Company's capital</u>	
			2017	2016
Al-Ihdathiat Real Estate Company	Jordan	Property Investments	58.28%	58.28%
Imcan for Financial Services	Jordan	Brokerage	73.22%	68.35%

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

a. Summary of financial position statement

	Imcan for Financial Services Company		Al-Ihdathiat Real Estate Company	
	2017	2016	2017	2016
	JD	JD	JD	JD
Current assets	1,356,743	386,632	58,539	78,302
Non- current assets	50,861	1,057,695	3,412,592	3,416,520
Current Liabilities	(221,569)	(211,972)	(94,856)	(89,227)
Net equity	1,186,035	1,232,355	3,376,275	3,405,595
Non- controlling interest	317,620	371,815	1,660,298	1,633,875

b. Summary of income statement

	Imcan for Financial Services Company		Al-Ihdathiat Real Estate Company	
	2017	2016	2017	2016
	JD	JD	JD	JD
Total revenues	443,781	36,595	7,415	5,449
Total expenses	(484,901)	(88,081)	(36,242)	(49,522)
Loss for the year	(41,120)	(51,486)	(28,827)	(44,073)

c. Summary of cash flow statement

	Imcan for Financial Services Company		Al-Ihdathiat Real Estate Company	
	2017	2016	2017	2016
	JD	JD	JD	JD
Cash flow				
Operating activities	(405,670)	(34,307)	(24,266)	(245,306)
Investing activities	425,574	-	2,735	2,002
Financing activities	-	70,600	-	244,966
Net increase (decrease) in cash and cash equivalents	19,904	36,293	(21,531)	1,662

(26) 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
2017 -			
Financial assets			
Financial assets at fair value through profit or loss	6,121,042	1,033,057	7,154,099
Financial assets at fair value through other comprehensive income	108,333	-	108,333
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

(27) 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, 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>
2017 currency JD	100	(5,305)
2016 currency JD	100	(5,258)

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

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>
31 December 2017	JD	JD	JD	JD
Loans	8,743	225,620	58,088	292,451
Brokerage payable	123,642	-	-	123,642
Other Credit Balances	1,011,792	-	-	1,011,792
Total	1,144,177	225,620	58,088	1,427,885
31 December 2016				
Loans	15,125	326,476	406,300	747,901
Brokerage payable	108,430	-	-	108,430
Other Credit Balances	1,241,869	-	-	1,241,869
Total	1,365,424	326,476	406,300	2,098,200

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 gain</i>	<i>Effect on equity</i>
2017 -	%	JD	JD
Index			
Amman Stock Market	+5	306,052	4,516
2016 -			
Index			
Amman Stock Market	+5	281,622	6,490

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.

(28) 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
2017 -					
Segment revenues	1,582	137	109	42	1,870
Distributed expenses	(823)	(676)	(104)	168	(1,435)
Profit (loss) before income tax	759	(539)	5	210	435
Income tax expense					(35)
Profit for the year from continuing operations after tax					400

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	Financial investments	Food and Beverage	Investment properties	Others	Total
	JD'000	JD'000	JD'000	JD'000	JD'000
2016 -					
Segment revenues	2,185	191	87	24	2,487
Distributed expenses	(720)	(254)	(113)	(163)	(1,250)
Profit before income tax	1,465	(63)	(26)	(139)	1,237
Income tax expense					(223)
Profit for the year from continuing operations after tax					1,014
2017 -					
Assets and Liabilities					
Segment assets	23,173	507	9,192	159	33,031
Total Assets					33,031
Segment liabilities	1,048	84	61	210	1,403
Total Liabilities					1,403
2016 -					
Assets and Liabilities					
Segment assets	22,888	690	9,207	449	33,234
Total Assets					33,234
Segment liabilities	1,547	59	237	186	2,029
Total Liabilities					2,029

Secondary segment information:

Assets, liabilities and revenues were distributed geographically as follows:

	Local	Foreign	Total
	JD	JD	JD
2017 -			
Assets -			
Cash on hand and at banks	1,016,777	-	1,016,777
Financial assets at fair value through profit or loss	6,866,768	287,331	7,154,099
Financial assets at fair value through other comprehensive income	108,333	-	108,333
Accounts receivable – net	158,611	-	158,611
Investment in associates	-	12,489,814	12,489,814
Other debit balances	357,098	150,096	507,194
Property and equipment	2,404,617	-	2,404,617
Investment properties	9,071,666	120,349	9,192,015
Intangible assets	-	-	-
Liabilities -			
Loans	268,435	-	268,435
Brokerage customers payable	123,642	-	123,642
Other credit balances	1,011,792	-	1,011,792
Revenues	914,063	955,638	1,869,701
2016 -			
Assets -			
Cash on hand and at banks	380,031	-	380,031
Financial assets at fair value through profit or loss	6,379,342	286,153	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	9,086,597	120,349	9,206,946
Intangible assets	250,763	-	250,763
Liabilities -			
Loans	679,386	-	679,386
Brokerage payable	108,430	-	108,430
Other credit balances	1,241,869	-	1,241,869
Revenues	975,301	1,502,154	2,477,455

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(29) 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
2017 -			
Assets			
Cash on hand and at banks	1,016,777	-	1,016,777
Financial assets at fair value through profit or loss	7,149,825	4,274	7,154,099
Financial assets at fair value through other comprehensive income	-	108,333	108,333
Accounts receivable – net	158,611	-	158,611
Investments in associates	-	12,489,814	12,489,814
Other debit balances	357,098	150,096	507,194
Investment properties	-	2,404,617	2,404,617
Property and equipment	-	9,192,015	9,192,015
Intangible asset	-	-	-
Total assets	8,682,311	24,349,149	33,031,460
Liabilities-			
Loans	218,827	49,608	268,435
Brokerage payable	123,642	-	123,642
Other credit balances	1,011,792	-	1,011,792
Total liabilities	1,354,261	49,608	1,403,869
Net	7,328,050	24,299,541	31,627,591
2016 -			
Assets			
Cash on hand and at banks	380,031	-	380,031
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	7,694,138	25,539,956	33,234,094
Liabilities-			
Loans	312,594	366,792	679,386
Brokerage payable	108,430	-	108,430
Other credit balances	1,241,869	-	1,241,869
Total liabilities	1,662,893	366,792	2,029,685
Net	6,031,245	25,173,164	31,204,409

(30) ACQUISITION OF A SUBSIDIARY

2016 -

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.

2017 -

During December 2017, the Group increased its share in Medical Clinics Company a limited liability company from 76.64% to 100% by buying Imcan's share of paid in capital that resulted in acquisition of the non-controlling interest by the amount of JD 229,785.

During January 2017, the Group increased Imcan for Financial Services paid in capital for an amount of JD 200,000, that resulted in increasing the Group's share in the company from 68% - 73% in addition to the acquisition of the non-controlling interest for an amount of JD 41,181.

(31) 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.

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 29,649,673 as at 31 December 2017 (2016: JD 28,968,934).

(32) 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 Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. 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 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective

application is required; but providing comparative information is not mandatory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions

The Group plans to adopt the remaining phases on the effective date and will not restate comparative information.

(a) Classification and Measurement

The Group does not expect a material impact on its balance sheet or equity on applying the new classification and measurement category of IFRS 9.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group has estimated that the additional provision to be recorded resulting from the expected credit loss from its trade receivables will not be material compared to the current requirements of provisioning for doubtful trade receivables.

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.

During 2017, the Company has performed an impact assessment of IFRS 15. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018 when the Company adopts IFRS 15, whereas,

The Company does not expect a material impact on its balance sheet or equity on applying the requirements of IFRS 15.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

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.

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.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

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.

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.

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

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

1 About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over.

We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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The MENA practice of EY has been operating in the region since 1923. For more than 90 years, we have grown to more than 6,000 people united across 20 offices and 15 countries, sharing the same values and an unwavering commitment to quality. As an organization, we continue to develop outstanding leaders who deliver exceptional services to our clients and who contribute to our communities. We are proud of our accomplishments over the years, reaffirming our position as the largest and most established professional services organization in the region.

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