



Grant Thornton

**Jordan Mortgage Refinance Company**  
**Public Shareholding Company**

**Financial Statements as at 31 December 2014**  
**Together With**  
**Independent Auditors' Report**

**Arab Professionals**

Member firm within Grant Thornton International Ltd

P.O.Box : 921879 Amman 11192 Jordan

T (962) 6 5151125

F (962) 6 5151124

Email: arabprof@gtjordan.com

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**INDEPENDENT AUDITORS' REPORT**

To The Shareholders of  
**Jordan Mortgage Refinance Company  
Public Shareholding Company  
Amman - Jordan**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Jordan Mortgage Refinance Company PLC**, which comprise the statement of financial position as at 31 December 2014, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Jordan Mortgage Refinance Company PLC** as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Report on the Legal and Regulatory Requirements**

The Company maintains proper accounting records and the accompanying financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report.

5 February 2015

Amman - Jordan

**Jordan Mortgage Refinance Company**  
**Public Shareholding Company**  
**Statement of financial position as at 31 December 2014**  
**(In Jordanian Dinar)**

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<b>Assets</b>			
Cash and cash equivalents	3	8,526,698	2,961,095
Refinance loans	4	127,533,960	108,288,192
Employees' housing loans		524,212	431,298
Interest receivable		1,785,091	1,705,993
Financial assets at amortized cost	5	6,001,625	6,004,875
Financial assets at fair value through other comprehensive income		66,250	62,500
Other current assets	6	95,992	94,666
Property and equipment	7	438,073	444,183
<b>Total Assets</b>		<b><u>144,971,901</u></b>	<b><u>119,992,802</u></b>
<b>Liabilities and Equity</b>			
Bonds	8	115,000,000	89,500,000
Government's loan	9	2,513,254	3,666,593
Central Bank of Jordan loan	10	14,108,530	13,421,112
Accrued interest		2,490,319	2,888,398
Other current liabilities	11	1,130,998	1,064,345
<b>Total Liabilities</b>		<b><u>135,243,101</u></b>	<b><u>110,540,448</u></b>
<b>Equity</b>	12		
Paid - in capital		5,000,000	5,000,000
Statutory reserve		1,561,066	1,424,740
Voluntary reserve		1,949,774	1,949,774
Special reserve		610,500	407,000
Fair value adjustments		( 58,750)	( 62,500)
Retained earnings		666,210	733,340
<b>Total Equity</b>		<b><u>9,728,800</u></b>	<b><u>9,452,354</u></b>
<b>Total Liabilities and Equity</b>		<b><u>144,971,901</u></b>	<b><u>119,992,802</u></b>

"The attached notes from (1) to (24) form an integral part of these financial statements"

**Jordan Mortgage Refinance Company**  
**Public Shareholding Company**  
**Statement of profit or loss for the year ended 31 December 2014**

(In Jordanian Dinar)

	Notes	2014	2013
Interest income	13	9,097,023	10,776,390
Interest expense	14	( 6,851,723)	( 8,542,761)
<b>Gross operating income</b>		<b>2,245,300</b>	<b>2,233,629</b>
Administrative expenses	15	( 872,351)	( 755,109)
Depreciation	7	( 14,693)	( 15,674)
Other revenues		5,000	3,779
Fees and other expenses	16	( 55,000)	( 55,000)
<b>Profit before income tax</b>		<b>1,308,256</b>	<b>1,411,625</b>
Income tax expense	20	( 335,560)	( 353,220)
<b>Profit for the year</b>		<b>972,696</b>	<b>1,058,405</b>
<b>Basic and diluted earnings per share</b>	17	<b>0,195</b>	<b>0,212</b>

"The attached notes from (1) to (24) form an integral part of these financial statements"

**Jordan Mortgage Refinance Company**  
**Public Shareholding Company**  
**Statement of comprehensive income for the year ended 31 December 2014**

**(In Jordanian Dinar)**

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	<u>2014</u>	<u>2013</u>
Profit for the year	972,696	1,058,405
<b>Other comprehensive income</b>		
Changes in fair value of financial assets	<u>3,750</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u><u>976,446</u></u>	<u><u>1,058,405</u></u>

"The attached notes from (1) to (24) form an integral part of these financial statements"

Jordan Mortgage Refinance Company  
Public Shareholding Company  
Statement of Changes in Equity for the year ended 31 December 2014

(In Jordanian Dinar)

	Paid Capital	Reserves				Fair Value Adjustments	Retained Earnings	Total
		Statutory Reserve	Voluntary Reserve	Special Reserve				
<b>Balance at 1 January 2014</b>	5,000,000	1,424,740	1,949,774	407,000	( 62,500)	733,340	9,452,354	
Dividends paid	-	-	-	-	-	( 700,000)	( 700,000)	
Profit for the year	-	-	-	-	-	972,696	972,696	
Other comprehensive income	-	-	-	-	3,750	-	3,750	
Reserves	-	136,326	-	203,500	-	( 339,826)	-	
<b>Balance at 31 December 2014</b>	<b>5,000,000</b>	<b>1,561,066</b>	<b>1,949,774</b>	<b>610,500</b>	<b>( 58,750)</b>	<b>666,210</b>	<b>9,728,800</b>	
<b>Balance at 1 January 2013</b>	5,000,000	1,278,077	1,949,774	203,500	( 62,500)	625,098	8,993,949	
Dividends paid	-	-	-	-	-	( 600,000)	( 600,000)	
Profit for the year	-	-	-	-	-	1,058,405	1,058,405	
Other comprehensive income	-	-	-	-	-	-	-	
Reserves	-	146,663	-	203,500	-	( 350,163)	-	
<b>Balance at 31 December 2013</b>	<b>5,000,000</b>	<b>1,424,740</b>	<b>1,949,774</b>	<b>407,000</b>	<b>( 62,500)</b>	<b>733,340</b>	<b>9,452,354</b>	

"The attached notes from (1) to (24) form an integral part of these financial statements"



**Jordan Mortgage Refinance Company**  
**Public Shareholding Company**  
**Statement of Cash Flows for the year ended 31 December 2014**

(In Jordanian Dinar)

	<u>2014</u>	<u>2013</u>
<b>Operating Activities</b>		
Profit for the year before income tax	1,308,256	1,411,625
Depreciation	14,693	15,674
Central Bank of Jordan loan	687,418	653,924
Financial assets premium amortization	3,250	3,250
<b>Changes in working capital</b>		
Interests receivable	( 79,098)	312,623
Refinance loans	( 19,245,768)	40,254,232
Employees' housing loans	( 92,914)	3,245
Other current assets	( 1,326)	18,038
Accrued interests	( 398,079)	( 272,580)
Bonds	25,500,000	( 39,700,000)
Government's loan	( 1,153,339)	( 1,092,826)
Income tax paid	( 353,220)	( 290,170)
Other current liabilities	84,313	45,755
<b>Net cash flows used in operating activities</b>	<u>6,274,186</u>	<u>1,362,790</u>
<b>Investing Activities</b>		
Property and equipment	( 8,583)	( 4,596)
<b>Financing Activities</b>		
Dividends paid	( 700,000)	( 600,000)
<b>Changes in cash and cash equivalents</b>	5,565,603	758,194
Cash and cash equivalents, beginning of year	<u>2,961,095</u>	<u>2,202,901</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>8,526,698</u></u>	<u><u>2,961,095</u></u>

"The attached notes from (1) to (24) form an integral part of these financial statements"

**Jordan Mortgage Refinance Company**  
**Public Shareholding Company**  
**Notes to the Financial Statements**  
**31 December 2014**

**(In Jordanian Dinar)**

**1. General**

Jordan Mortgage Refinance Company was established on 5 June 1996 in accordance with Jordanian Companies Law No. (22) Of 1997 and registered under No. (314) as a public shareholding company and was granted the operating license on 22 July 1996. The Company's head office is in the Hashemite Kingdom of Jordan and its main objectives are:

- Development and improvement of the housing finance market in Jordan by enabling licensed banks and other financial institutions to increase their participation in granting housing loans.
- Enhancement and development of the capital market in Jordan by issuing medium and long-term bonds.

The financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 5 February 2015.

**2. Summary of Accounting Policies**

**Basis of preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis except for investment securities, which have been measured at fair value.

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

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

**Adoption of new and revised IFRS standards**

A number of new and revised standards are effective for annual periods beginning on 1 January 2014. Information on these new standards is presented below.

<u>Standard</u>	<u>Title of Standards</u>
IFRS 10,12 and IAS 27	Investment entities (Amendments)
IAS 32	Offsetting financial assets and financial liabilities (Amendments)
IAS 36	Recoverable amount disclosures for non-financial assets (Amendments)
IAS 39	Novation of derivatives and continuation of hedge accounting (Amendments)

The following standards have been published that are mandatory for accounting periods after 31 December 2014.

<u>Standard</u>	<u>Title of Standards</u>
IFRS 11	Accounting for acquisitions of interests in joint operations (Amendments)
IFRS 15	Revenue from contracts with customers

Management anticipates that the adoption of new and revised Standards will have no material impact on the financial statements of the Company.

#### **Use of Estimates**

The preparation of the 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 assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the income statement.
- And estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable for individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

#### **Cash and Cash Equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the Cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short- term highly liquid investments.

#### **Accrual Accounts**

Accrued payments are recognized upon receiving goods or performance of services.

#### **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 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. Gain or Loss from the sale of these investments should be recognized in the statement of comprehensive income and within owner's equity, and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings and not to the statement of income.

These assets are not subject to impairment testing.

Dividends are recorded in the statement of income on a separate line item.

#### Financial Assets at Amortized Cost

They are the financial assets which the Company's management intends according to its business model to hold for the purpose of collecting contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the outstanding principal.

Those financial assets are stated at cost upon purchase plus acquisition expenses. Moreover, the issue premium / discount are amortized using the effective interest rate method, and recorded to the interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or part therefore are deducted, and any impairment loss in its value is recorded in the statement of income.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

It is not allowed to reclassify any financial assets from / to this category except for certain cases specified in the International Financial Reporting Standards (in the case of selling any of these assets before its maturity date, the result should be recorded in a separate line item in the statement of income, disclosures should be made in accordance to the requirements of International Financial Reporting Standards).

#### 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 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.

#### Property and Equipment

Property 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 income statements.

The initial cost of property 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 and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on a straight-line basis using the following annual depreciation rates:

Buildings	2%
Furniture & Fixtures	15-25%
Vehicles	20%
Computers	30%

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 and equipment.

#### Loans and bonds

Interest on long-term loans and bonds are recorded using the accrual basis of accounting and recognized in the income statement.

#### Provisions

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

#### Provision for End of Service Indemnity

The provision for end of service indemnity is calculated based on the contractual provisions of the employment.

#### Offsetting

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

#### Revenues

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably.

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

Dividends are recognized when the Company's right to receive payment is established.

#### Income tax

Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the 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.

Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Company operates.

### 3. Cash and Cash Equivalents

	<u>2014</u>	<u>2013</u>
Cash at banks	190,543	199,222
Bank deposits	<u>8,336,155</u>	<u>2,761,873</u>
	<u>8,526,698</u>	<u>2,961,095</u>

Bank deposits mature within one month to two years, with an annual interest rate from 3,75% to 5,30%.

4. Refinance Loans

This item represents loans granted to local banks for the purpose of financing housing loans.

The aggregate amounts of annual principal maturities of refinance loans are as follows:

Year	JOD
2015	56,254,232
2016	29,754,232
2017	15,254,232
2018	15,254,232
2019	10,254,232
After 2019	762,800
	<u>127,533,960</u>

5. Financial assets at amortized costs

	Interest rate	2014	2013
Treasury bonds, issue number 29/2012, maturity date 19/6/2015 (Premium JOD 9,750)	7.574%	5,001,625	5,004,875
Treasury bonds, issue number 52/2012, maturity date 18/10/2015	8.3%	1,000,000	1,000,000
		<u>6,001,625</u>	<u>6,004,875</u>

6. Other Current Assets

	2014	2013
Prepaid income taxes	69,122	70,085
Prepaid expenses	25,222	22,933
Refundable deposits	1,648	1,648
	<u>95,992</u>	<u>94,666</u>

**Jordan Mortgage Refinance Company PLC**  
**Notes to the Financial Statements (Continued)**  
**31 December 2014**

**7. Property and Equipment**

	<u>Land</u>	<u>Buildings</u>	<u>Furniture &amp; Fixtures</u>	<u>Vehicles</u>	<u>Computers</u>	<u>Total</u>
<b>Cost</b>						
Balance at 1/1/2014	176,400	402,281	116,228	62,300	80,971	838,180
Additions	-	3,415	557	1,508	3,103	8,583
Balance at 31/12/2014	<u>176,400</u>	<u>405,696</u>	<u>116,785</u>	<u>63,808</u>	<u>84,074</u>	<u>846,763</u>
<b>Accumulated depreciation</b>						
Balance at 1/1/2014	-	142,906	112,281	62,298	76,512	393,997
Depreciation	-	9,780	1,699	25	3,189	14,693
Balance at 31/12/2014	-	152,686	113,980	62,323	79,701	408,690
Net book value at 31/12/2014	<u>176,400</u>	<u>253,010</u>	<u>2,805</u>	<u>1,485</u>	<u>4,373</u>	<u>438,073</u>
<b>Cost</b>						
Balance at 1/1/2013	176,400	402,281	118,227	62,300	88,712	847,920
Additions	-	-	820	-	3,776	4,596
Disposals	-	-	( 2,819)	-	( 11,517)	( 14,336)
Balance at 31/12/2013	<u>176,400</u>	<u>402,281</u>	<u>116,228</u>	<u>62,300</u>	<u>80,971</u>	<u>838,180</u>
<b>Accumulated depreciation</b>						
Balance at 1/1/2013	-	133,138	112,974	62,151	84,396	392,659
Depreciation	-	9,768	2,126	147	3,633	15,674
Disposals	-	-	( 2,819)	-	( 11,517)	( 14,336)
Balance at 31/12/2013	-	142,906	112,281	62,298	76,512	393,997
Net book value at 31/12/2013	<u>176,400</u>	<u>259,375</u>	<u>3,947</u>	<u>2</u>	<u>4,459</u>	<u>444,183</u>

**8. Bonds**

This item represents bonds issued by the company and carry an annual interest rate between (3.7%) and (9%). The bonds outstanding balance is payable as follows:

<u>Year</u>	<u>JOD</u>
2015	55,500,000
2016	29,500,000
2017	15,000,000
2018	15,000,000
	<u>115,000,000</u>

**9. Government's Loan**

This item represents the \$19,600,000 loan granted to the Company by the Jordanian Government and financed by the World Bank. It was reduced in 2001 by \$ 600,000; the remaining granted loan is only \$ 19,000,000. The outstanding balance of the loan is payable as follows:

<u>Year</u>	<u>JOD</u>
2015	1,223,948
2016	1,289,306
	<u>2,513,254</u>

10. **Central Bank of Jordan loan**

This item represents the present value of the debt instrument of JOD 40,275,412 issued to the favor of Central Bank of Jordan. The instrument matures at 7/6/2035 and carries fixed interest rate of (5.12%) per annum payable on the instrument's maturity date.

11. **Other Current Liabilities**

	<u>2014</u>	<u>2013</u>
Provision for income tax	609,244	626,904
Provision for end of services indemnity	355,893	258,230
Provision for employees bonus	277	26,960
Board of Directors' remunerations	55,000	55,000
Employees medication	77,252	69,234
Provision for employees' vacations	24,964	22,248
Accrued expenses	8,259	5,660
Employees' withholdings	109	109
	<u>1,130,998</u>	<u>1,064,345</u>

12. **Equity**

**Paid in Capital**

The Company's authorized and paid up capital is JOD (5) Million divided equally into (5) Million shares with par value of JOD (1) each as at 31 December 2014 and 2013.

**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 cumulative appropriations not exceeding 20% of net income. This reserve is available for distribution to shareholders.

**Special Reserve**

The accumulated amounts in this account represent the provision taken by the Company against its exposure to interest rate risk.

**Dividends**

The General Assembly has resolved in its meeting held in 2014 to distribute 14% cash dividends to the shareholders.

The Board of Director will propose to the General Assembly in its meeting which will be held in 2015 to distribute 12% cash dividends to shareholders.



**Jordan Mortgage Refinance Company PLC**  
**Notes to the Financial Statements (Continued)**  
**31 December 2014**

**13. Interest Income**

	<u>2014</u>	<u>2013</u>
Interest on refinance loans	8,451,061	10,198,204
Treasury bonds	458,450	458,450
Interest on time deposits	173,909	108,373
Interest on employee's housing loans	13,603	11,363
	<u>9,097,023</u>	<u>10,776,390</u>

**14. Interest Expense**

	<u>2014</u>	<u>2013</u>
Interest on bonds	6,069,518	7,767,410
Interest on Central Bank of Jordan loan	707,482	673,011
Interest on Government's loan	59,510	87,743
Others	15,213	14,597
	<u>6,851,723</u>	<u>8,542,761</u>

**15. Administrative Expenses**

	<u>2014</u>	<u>2013</u>
Salaries and benefits	433,209	391,296
Social security	30,840	23,990
Employees' provident fund	31,669	27,415
Board of Directors' transportation	105,930	105,930
End of service indemnity and vacations	100,374	50,048
Health, life and accidents insurance	66,000	55,633
Employees bonus	29,529	28,268
Professional fees	14,580	15,530
Maintenance	8,476	7,734
Utilities	7,488	5,991
Vehicles expenses	7,301	6,690
Building and insurance expenses	6,766	7,824
Fees and subscriptions	5,593	5,490
Employees' training	2,832	2,249
Stationery and publications	5,005	5,088
Hospitality	3,552	3,488
Post and telephone	3,123	3,351
Advertisement	2,246	1,721
Donations	5,000	5,000
Companies Controller fees	600	600
Miscellaneous	2,238	1,773
	<u>872,351</u>	<u>755,109</u>

16. Fees and Other Expenses

	<u>2014</u>	<u>2013</u>
Board of Director's remunerations	55,000	55,000

17. Basic and Diluted Earnings per Share

	<u>2014</u>	<u>2013</u>
Profit for the year	972,696	1,058,405
Weighted average number of shares	5,000,000	5,000,000
	<u>0,195</u>	<u>0,212</u>

18. Executive Management remuneration

The remuneration of executive management during the years 2014 and 2013 amounted to JOD 314,387 and JOD 277,691 respectively.

19. Segment Reporting

The Company is engaged mainly in one activity which is mortgages refinancing within the territory of the Hashemite Kingdom of Jordan.

20. Income Tax

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

	<u>2014</u>	<u>2013</u>
Balance at beginning of the year	626,904	563,854
Income tax expense for the year	335,560	353,220
Income tax paid	( 353,220)	( 290,170)
<b>Balance at end of the year</b>	<b><u>609,244</u></b>	<b><u>626,904</u></b>

Income tax expense for the year in the statement of profit or loss consists of the following:

	<u>2014</u>	<u>2013</u>
Income tax expense for the year	335,560	353,220
Prior years income tax	-	-
Deferred tax	-	-
	<b><u>335,560</u></b>	<b><u>353,220</u></b>

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

	<u>2014</u>	<u>2013</u>
Declared income	1,308,256	1,411,625
Tax exempted income	( 65,942)	( 64,641)
Tax unacceptable expenses	155,854	124,758
<b>Taxable income</b>	<b><u>1,398,168</u></b>	<b><u>1,471,742</u></b>
Income tax rate	24%	24%
Effective interest rate	26%	25%

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2011.
- The income tax return for the year 2012 and 2013 has 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 2014 was calculated in accordance with the Income Tax Law.

**Jordan Mortgage Refinance Company PLC**  
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**21. 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.

<b>2014</b>	<b>Up to one year</b>	<b>More than one year</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	2,526,698	6,000,000	8,526,698
Refinance loans	56,254,232	71,279,728	127,533,960
Employees' housing loans	35,830	488,382	524,212
Financial assets at amortized cost	6,001,625	-	6,001,625
Financial assets at fair value through other comprehensive income	-	66,250	66,250
Interest receivable	1,785,091	-	1,785,091
Other current assets	95,992	-	95,992
Property and equipment	-	438,073	438,073
<b>Total Assets</b>	<b>66,699,468</b>	<b>78,272,433</b>	<b>144,971,901</b>
<b>Liabilities</b>			
Bonds	55,500,000	59,500,000	115,000,000
Government's loan	1,223,948	1,289,306	2,513,254
Central Bank of Jordan loan	-	14,108,530	14,108,530
Accrued interest	2,490,319	-	2,490,319
Other current liabilities	1,130,998	-	1,130,998
<b>Total Liabilities</b>	<b>60,345,265</b>	<b>74,897,836</b>	<b>135,243,101</b>
<b>2013</b>	<b>Up to one year</b>	<b>More than one year</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	2,961,095	-	2,961,095
Refinance loans	44,754,232	63,533,960	108,288,192
Employees' housing loans	30,528	400,770	431,298
Financial assets at amortized cost	3,250	6,001,625	6,004,875
Financial assets at fair value through other comprehensive income	-	62,500	62,500
Interest receivable	1,705,993	-	1,705,993
Other current assets	94,666	-	94,666
Property and equipment	-	444,183	444,183
<b>Total Assets</b>	<b>49,549,764</b>	<b>70,443,038</b>	<b>119,992,802</b>
<b>Liabilities</b>			
Bonds	43,500,000	46,000,000	89,500,000
Government's loan	1,153,339	2,513,254	3,666,593
Central Bank of Jordan loan	-	13,421,112	13,421,112
Accrued interest	2,496,664	391,734	2,888,398
Other current liabilities	1,064,345	-	1,064,345
<b>Total Liabilities</b>	<b>48,214,348</b>	<b>62,326,100</b>	<b>110,540,448</b>

Jordan Mortgage Refinance Company PLC  
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22. Interest Rate Re-pricing Gap

The Company adopts the assets - liabilities compatibility principle and the suitability of maturities to narrow gaps through categorizing assets and liabilities into various maturities or price review maturities, whichever are nearer, to lower risks in interest rates, studying gaps in the related interest rates.

2014	Up to one year	More than one year	Non-interest bearing	Total
<b>Assets</b>				
Cash and cash equivalents	2,526,698	6,000,000	-	8,526,698
Refinance loans	56,254,232	71,279,728	-	127,533,960
Employees' housing loans	35,830	488,382	-	524,212
Interest receivable	1,785,091	-	-	1,785,091
Financial assets at amortized cost	6,001,625	-	-	6,001,625
Financial assets at fair value through other comprehensive income	-	-	66,250	66,250
Other current assets	-	-	95,992	95,992
Property and equipment	-	-	438,073	438,073
<b>Total Assets</b>	<b>66,603,476</b>	<b>77,768,110</b>	<b>600,315</b>	<b>144,971,901</b>
<b>Liabilities</b>				
Bonds	55,500,000	59,500,000	-	115,000,000
Government's loan	1,223,948	1,289,306	-	2,513,254
Central Bank of Jordan loan	-	14,108,530	-	14,108,530
Accrued interest	2,490,319	-	-	2,490,319
Other current liabilities	-	-	1,130,998	1,130,998
<b>Total Liabilities</b>	<b>59,214,267</b>	<b>74,897,836</b>	<b>1,130,998</b>	<b>135,243,101</b>
<b>Net</b>	<b>7,389,209</b>	<b>2,870,274</b>	<b>( 530,683)</b>	<b>9,728,800</b>
2013	Up to one year	More than one year	Non-interest bearing	Total
<b>Assets</b>				
Cash and cash equivalents	2,961,095	-	-	2,961,095
Refinance loans	44,754,232	63,533,960	-	108,288,192
Employees' housing loans	30,528	400,770	-	431,298
Interest receivable	1,705,993	-	-	1,705,993
Financial assets at amortized cost	3,250	6,001,625	-	6,004,875
Financial assets at fair value through other comprehensive income	-	-	62,500	62,500
Other current assets	-	-	94,666	94,666
Property and equipment	-	-	444,183	444,183
<b>Total Assets</b>	<b>49,455,098</b>	<b>69,936,355</b>	<b>601,349</b>	<b>119,992,802</b>
<b>Liabilities</b>				
Bonds	43,500,000	46,000,000	-	89,500,000
Government's loan	1,153,339	2,513,254	-	3,666,593
Central Bank of Jordan loan	-	13,421,112	-	13,421,112
Accrued interest	2,496,664	391,734	-	2,888,398
Other current liabilities	-	-	1,064,345	1,064,345
<b>Total Liabilities</b>	<b>47,150,003</b>	<b>62,326,100</b>	<b>1,064,345</b>	<b>110,540,448</b>
<b>Net</b>	<b>2,305,095</b>	<b>7,610,255</b>	<b>( 462,996)</b>	<b>9,452,354</b>

**23. Financial Instruments**

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents and refinance loans. Financial liabilities of the Company include bonds, Government's loans and Central Bank of Jordan loan.

**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 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.

2014	Level 1	Level 2	Level 3	Total
Financial assets at fair value through comprehensive income	66,250	-	-	66,250
2013	Level 1	Level 2	Level 3	Total
Financial assets at fair value through comprehensive income	62,500	-	-	62,500

**Credit Risk**

Credit risk arises principally from banks' deposits and loans granted to the financial institutions to refinance housing loans. The Company limits its credit risk by adopting conservative lending standards and setting limits to its customers, noting that the Company does not bear any loss arising from any default in the refinanced loans, as it is carried out in full by the financial institutions. 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 (35) Million for the year ended 2014 against JOD (35) Million for the year ended 2013.

#### 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 analysis the Company's financial liabilities into relevant maturity groupings based on the remaining period at the financial position to the contractual maturity date:

<u>2014</u>	<u>Less than one year</u>	<u>One year to two years</u>	<u>More than two years</u>	<u>Total</u>
Bonds	55,500,000	44,500,000	15,000,000	115,000,000
Government's loan	1,223,948	1,289,306	-	2,513,254
Central Bank of Jordan loan	-	-	14,108,530	14,108,530
Accrued interest	2,490,319	-	-	2,490,319
Other current liabilities	1,130,998	-	-	1,130,998
	<u>60,345,265</u>	<u>45,789,306</u>	<u>29,108,530</u>	<u>135,243,101</u>
<u>2013</u>	<u>Less than one year</u>	<u>One year to two years</u>	<u>More than two years</u>	<u>Total</u>
Bonds	43,500,000	16,000,000	30,000,000	89,500,000
Government's loan	1,153,339	1,223,948	1,289,306	3,666,593
Central Bank of Jordan loan	-	-	13,421,112	13,421,112
Accrued interest	2,496,664	391,734	-	2,888,398
Other current liabilities	1,064,345	-	-	1,064,345
	<u>48,214,348</u>	<u>17,615,682</u>	<u>44,710,418</u>	<u>110,540,448</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. As most of the Company's financial instruments have fixed interest rate and carried at amortized cost, 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 fair value of the equity securities. The Company manages these risks by investing in capital protected portfolios not exceeding 20% of its equity with reputable financial institutions in accordance with the investment policy set by the Board of Directors. If the quoted market price of listed equity securities had increased or decreased by 10%, the net result for the year would have been reduced / increased by JOD 6,625 during 2014 (2013: JOD 6,250).

#### 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.