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**Jordan Mortgage Refinance Company
Public Shareholding Company**

**Financial Statements as at 31 December 2015
Together With
Independent Auditors' Report**

Arab Professionals

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Jordan Mortgage Refinance Company
Public Shareholding Company

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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 2015, 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 2015, 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.

3 February 2016
Amman - Jordan



Arab Professionals

Jordan Mortgage Refinance Company
Public Shareholding Company
Statement of financial position as at 31 December 2015

(In Jordanian Dinar)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Assets			
Cash and cash equivalents	3	24,603,490	8,526,698
Refinance loans	4	148,779,728	127,533,960
Employees' housing loans		586,207	524,212
Interest receivable		2,389,628	1,785,091
Financial assets at amortized cost	5	-	6,001,625
Financial assets at fair value through other comprehensive income		126,250	66,250
Other current assets	6	25,345	95,992
Property and equipment	7	438,168	438,073
Total Assets		<u>176,948,816</u>	<u>144,971,901</u>
Liabilities and Equity			
Bonds	8	147,000,000	115,000,000
Government's loan	9	1,289,306	2,513,254
Central Bank of Jordan loan	10	14,831,156	14,108,530
Accrued interest		2,443,494	2,490,319
Other current liabilities	11	1,124,498	1,130,998
Total Liabilities		<u>166,688,454</u>	<u>135,243,101</u>
Equity	12		
Paid - in capital		5,000,000	5,000,000
Statutory reserve		1,709,841	1,561,066
Voluntary reserve		1,949,774	1,949,774
Special reserve		814,000	610,500
Fair value adjustments		1,250	(58,750)
Retained earnings		785,497	666,210
Total Equity		<u>10,260,362</u>	<u>9,728,800</u>
Total Liabilities and Equity		<u>176,948,816</u>	<u>144,971,901</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 profit or loss for the year ended 31 December 2015

(In Jordanian Dinar)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Interest income	13	10,084,985	9,097,023
Interest expense	14	(7,648,265)	(6,851,723)
Gross operating income		2,436,720	2,245,300
Administrative expenses	15	(938,923)	(872,351)
Depreciation	7	(15,297)	(14,693)
Other revenues		5,250	5,000
Fees and other expenses	16	(55,000)	(55,000)
Profit before income tax		1,432,750	1,308,256
Income tax expense	20	(361,188)	(335,560)
Profit for the year		<u>1,071,562</u>	<u>972,696</u>
Basic and diluted earnings per share	17	<u>0.214</u>	<u>0.195</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 comprehensive income for the year ended 31 December 2015**

(In Jordanian Dinar)

	<u>2015</u>	<u>2014</u>
Profit for the year	1,071,562	972,696
Other comprehensive income		
Changes in fair value of financial assets	<u>60,000</u>	<u>3,750</u>
Total comprehensive income for the year	<u><u>1,131,562</u></u>	<u><u>976,446</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 2015

(In Jordanian Dinar)

	Paid Capital	Reserves			Fair Value Adjustments	Retained Earnings	Total
		Statutory Reserve	Voluntary Reserve	Special Reserve			
Balance at 1 January 2015	5,000,000	1,561,066	1,949,774	610,500	(58,750)	666,210	9,728,800
Dividends paid	-	-	-	-	-	(600,000)	(600,000)
Total comprehensive income	-	-	-	-	60,000	1,071,562	1,131,562
Reserves	-	148,775	-	203,500	-	(352,275)	-
Balance at 31 December 2015	5,000,000	1,709,841	1,949,774	814,000	1,250	785,497	10,260,362
Balance at 1 January 2014	5,000,000	1,424,740	1,949,774	407,000	(62,500)	733,340	9,452,354
Dividends paid	-	-	-	-	-	(700,000)	(700,000)
Total comprehensive income	-	-	-	-	3,750	972,696	976,446
Reserves	-	136,326	-	203,500	-	(339,826)	-
Balance at 31 December 2014	5,000,000	1,561,066	1,949,774	610,500	(58,750)	666,210	9,728,800

"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 2015

(In Jordanian Dinar)

	<u>2015</u>	<u>2014</u>
Operating Activities		
Profit for the year before income tax	1,432,750	1,308,256
Depreciation	15,297	14,693
Central Bank of Jordan loan	722,626	687,418
Financial assets premium amortization	1,625	3,250
Changes in working capital		
Interests receivable	(604,537)	(79,098)
Refinance loans	(21,245,768)	(19,245,768)
Employees' housing loans	(61,995)	(92,914)
Other current assets	70,647	(1,326)
Accrued interests	(46,825)	(398,079)
Bonds	32,000,000	25,500,000
Government's loan	(1,223,948)	(1,153,339)
Income tax paid	(440,062)	(353,220)
Other current liabilities	72,374	84,313
Net cash flows from operating activities	<u>10,692,184</u>	<u>6,274,186</u>
Investing Activities		
Property and equipment	(15,392)	(8,583)
Financial assets measured at amortized cost	6,000,000	-
Net cash flows from (used in) investing activities	<u>5,984,608</u>	<u>(8,583)</u>
Financing Activities		
Dividends paid	(600,000)	(700,000)
Changes in cash and cash equivalents	16,076,792	5,565,603
Cash and cash equivalents, beginning of year	<u>8,526,698</u>	<u>2,961,095</u>
Cash and cash equivalents, end of year	<u>24,603,490</u>	<u>8,526,698</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 2015

(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 3 February 2016.

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

The following standards have been published that are mandatory for accounting periods after 31 December 2015. Management anticipates that the adoption of new and revised Standards will have no material impact on the financial statements of the Company.

<u>Standard No.</u>	<u>Title of Standards</u>	<u>Effective Date</u>
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations (Amendments)	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018

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 statement of profit or loss.

- 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 profit or loss.

These assets are not subject to impairment testing.

Dividends are recorded in the statement of profit or loss 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 profit or loss.

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 profit or loss, 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 statements of profit or loss.

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	2-20%
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 statement of profit or loss.

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>2015</u>	<u>2014</u>
Cash at banks	117,702	190,543
Bank deposits	<u>24,485,788</u>	<u>8,336,155</u>
	<u>24,603,490</u>	<u>8,526,698</u>

Bank deposits mature within one month to 1 year, with an annual interest rate from 2,75% to 5,30%.

Jordan Mortgage Refinance Company PLC
Notes to the Financial Statements (Continued)
31 December 2015

4. Refinance Loans

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

	2015	2014
Balance at 1 January	127,533,960	108,288,192
Granted loans	77,500,000	64,000,000
Repaid loans	<u>(56,254,232)</u>	<u>(44,754,232)</u>
	<u>148,779,728</u>	<u>127,533,960</u>

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

Year	JOD
2016	46,754,232
2017	15,254,232
2018	65,754,232
2019	10,254,232
2020	10,254,232
After 2020	<u>508,568</u>
	<u>148,779,728</u>

These loans earn interest ranges between 3.8% and 9.75% yearly.

5. Financial assets at amortized costs

	Interest rate	2015	2014
Treasury bonds, issue number 29/2012, maturity date 19/6/2015 (Premium JOD 9,750)	7,574%	-	5,001,625
Treasury bonds, issue number 52/2012, maturity date 18/10/2015	8,3%	-	1,000,000
		<u>-</u>	<u>6,001,625</u>

6. Other Current Assets

	2015	2014
Prepaid income taxes	-	69,122
Prepaid expenses	23,697	25,222
Refundable deposits	1,648	1,648
	<u>25,345</u>	<u>95,992</u>

Jordan Mortgage Refinance Company PLC
Notes to the Financial Statements (Continued)
31 December 2015

7. Property and Equipment

	Land	Buildings	Furniture & Fixtures	Vehicles	Computers	Total
Cost						
Balance at 1/1/2015	176,400	405,696	116,785	63,808	84,074	846,763
Additions	-	1,914	1,754	-	11,724	15,392
Disposals	-	-	-	-	(11,529)	(11,529)
Balance at 31/12/2015	<u>176,400</u>	<u>407,610</u>	<u>118,539</u>	<u>63,808</u>	<u>84,269</u>	<u>850,626</u>
Accumulated depreciation						
Balance at 1/1/2015	-	152,686	113,980	62,323	79,701	408,690
Depreciation	-	8,940	1,482	1,483	3,392	15,297
Disposals	-	-	-	-	(11,529)	(11,529)
Balance at 31/12/2015	-	<u>161,626</u>	<u>115,462</u>	<u>63,806</u>	<u>71,564</u>	<u>412,458</u>
Net book value at 31/12/2015	<u>176,400</u>	<u>245,984</u>	<u>3,077</u>	<u>2</u>	<u>12,705</u>	<u>438,168</u>
Cost						
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>
Accumulated depreciation						
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	-	<u>152,686</u>	<u>113,980</u>	<u>62,323</u>	<u>79,701</u>	<u>408,690</u>
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>

8. Bonds

This item represents bonds issued by the company and carry an annual interest rate between (2.9%) and (9%).

	2015	2014
Balance at 1 January	115,000,000	89,500,000
Issued bonds	87,500,000	69,000,000
Repaid bonds	(55,500,000)	(43,500,000)
	<u>147,000,000</u>	<u>115,000,000</u>

The bonds outstanding balance is payable as follows:

Year	JOD
2016	56,500,000
2017	15,000,000
2018	65,500,000
2019	-
2020	<u>10,000,000</u>
	<u>147,000,000</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 during 2016.

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>2015</u>	<u>2014</u>
Provision for income tax	530,370	609,244
Provision for end of services indemnity	423,990	355,893
Board of Directors' remunerations	55,000	55,000
Employees medication	85,100	77,252
Provision for employees' vacations	24,964	24,964
Accrued expenses	5,074	8,259
Provision for employees bonus	-	277
Employees' withholdings	-	109
	<u>1,124,498</u>	<u>1,130,998</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 2015 and 2014.

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 2015 to distribute 12% cash dividends to the shareholders.

The Board of Director will propose to the General Assembly in its meeting which will be held in 2016 to distribute 15% cash dividends to shareholders.

13. Interest Income

	<u>2015</u>	<u>2014</u>
Interest on refinance loans	9,015,358	8,451,061
Treasury bonds	239,663	458,450
Interest on time deposits	813,464	173,909
Interest on employee's housing loans	16,500	13,603
	<u>10,084,985</u>	<u>9,097,023</u>

14. Interest Expense

	<u>2015</u>	<u>2014</u>
Interest on bonds	6,853,025	6,069,518
Interest on Central Bank of Jordan loan	743,718	707,482
Interest on Government's loan	36,191	59,510
Others	15,331	15,213
	<u>7,648,265</u>	<u>6,851,723</u>

15. Administrative Expenses

	<u>2015</u>	<u>2014</u>
Salaries and benefits	470,892	433,209
Social security	38,522	30,840
Employees' provident fund	34,680	31,669
Board of Directors' transportation	105,930	105,930
End of service indemnity and vacations	68,097	100,374
Health, life and accidents insurance	68,000	66,000
Employees bonus	66,055	29,529
Professional fees	14,330	14,580
Maintenance	8,812	8,476
Utilities	9,222	7,488
Vehicles expenses	6,034	7,301
Building and insurance expenses	8,886	6,766
Fees and subscriptions	5,759	5,593
Stationery and publications	4,931	5,005
Hospitality	3,650	3,552
Post and telephone	3,280	3,123
Employees' training	9,059	2,832
Advertisement	2,358	2,246
Donations	7,500	5,000
Companies Controller fees	600	600
Miscellaneous	2,326	2,238
	<u>938,923</u>	<u>872,351</u>

16. Fees and Other Expenses

	<u>2015</u>	<u>2014</u>
Board of Director's remunerations	<u>55,000</u>	<u>55,000</u>

17. Basic and Diluted Earnings per Share

	<u>2015</u>	<u>2014</u>
Profit for the year	1,071,562	972,696
Weighted average number of shares	<u>5,000,000</u>	<u>5,000,000</u>
	<u>0.214</u>	<u>0.195</u>

18. Executive Management remuneration

The remuneration of executive management during the years 2015 and 2014 amounted to JOD 333,354 and JOD 314,387 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>2015</u>	<u>2014</u>
Balance at beginning of the year	609,244	626,904
Income tax expense for the year	361,188	335,560
Income tax paid	(440,062)	(353,220)
Balance at end of the year (Note 11)	<u>530,370</u>	<u>609,244</u>

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

	<u>2015</u>	<u>2014</u>
Income tax expense for the year	<u>361,188</u>	<u>335,560</u>

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

	<u>2015</u>	<u>2014</u>
Declared income	1,432,750	1,308,256
Tax exempted income	(39,150)	(65,942)
Tax unacceptable expenses	111,350	155,854
Taxable income	<u>1,504,950</u>	<u>1,398,168</u>
Income tax rate	24%	24%
Effective interest rate	25%	26%

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2014.
- The income tax provision for 2015 was calculated in accordance with the Income Tax Law.

Jordan Mortgage Refinance Company PLC
Notes to the Financial Statements (Continued)
31 December 2015

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.

2015	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	24,603,490	-	24,603,490
Refinance loans	46,754,232	102,025,496	148,779,728
Employees' housing loans	41,000	545,207	586,207
Interest receivable	2,389,628	-	2,389,628
Financial assets at fair value through other comprehensive income	-	126,250	126,250
Other current assets	25,345	-	25,345
Property and equipment	-	438,168	438,168
Total Assets	73,813,695	103,135,121	176,948,816
Liabilities			
Bonds	56,500,000	90,500,000	147,000,000
Government's loan	1,289,306	-	1,289,306
Central Bank of Jordan loan	-	14,831,156	14,831,156
Accrued interest	2,443,494	-	2,443,494
Other current liabilities	1,124,498	-	1,124,498
Total Liabilities	61,357,298	105,331,156	166,688,454
2014	Up to one year	More than one year	Total
Assets			
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
Total Assets	66,699,468	78,272,433	144,971,901
Liabilities			
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
Total Liabilities	60,345,265	74,897,836	135,243,101

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.

2015	Up to one year	More than one year	Non-interest bearing	Total
Assets				
Cash and cash equivalents	24,485,788	-	117,702	24,603,490
Refinance loans	46,754,232	102,025,496	-	148,779,728
Employees' housing loans	41,000	545,207	-	586,207
Interest receivable	-	-	2,389,628	2,389,628
Financial assets at fair value through other comprehensive income	-	-	126,250	126,250
Other current assets	-	-	25,345	25,345
Property and equipment	-	-	438,168	438,168
Total Assets	71,281,020	102,570,703	3,097,093	176,948,816
Liabilities				
Bonds	56,500,000	90,500,000	-	147,000,000
Government's loan	1,289,306	-	-	1,289,306
Central Bank of Jordan loan	-	14,831,156	-	14,831,156
Accrued interest	-	-	2,443,494	2,443,494
Other current liabilities	-	-	1,124,498	1,124,498
Total Liabilities	57,789,306	105,331,156	3,567,992	166,688,454
Net	13,491,714	(2,760,453)	(470,899)	10,260,362

2014	Up to one year	More than one year	Non-interest bearing	Total
Assets				
Cash and cash equivalents	2,336,155	6,000,000	190,543	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
Total Assets	64,627,842	77,768,110	2,575,949	144,971,901
Liabilities				
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
Total Liabilities	56,723,948	74,897,836	3,621,317	135,243,101
Net	7,903,894	2,870,274	(1,045,368)	9,728,800

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.

2015	Level 1	Level 2	Level 3	Total
Financial assets at fair value through comprehensive income	126,250	-	-	126,250
2014	Level 1	Level 2	Level 3	Total
Financial assets at fair value through comprehensive income	66,250	-	-	66,250

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 2015 against JOD (35) Million for the year ended 2014.

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:

2015	Less than one year	One year to two years	More than two years	Total
Bonds	56,500,000	80,500,000	10,000,000	147,000,000
Government's loan	1,289,306	-	-	1,289,306
Central Bank of Jordan loan	-	-	14,831,156	14,831,156
Accrued interest	2,443,494	-	-	2,443,494
Other current liabilities	1,124,498	-	-	1,124,498
	<u>61,357,298</u>	<u>80,500,000</u>	<u>24,831,156</u>	<u>166,688,454</u>
2014	Less than one year	One year to two years	More than two years	Total
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>

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 12,625 during 2015 (2014: JOD 6,625).

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.