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Jordan Mortgage Refinance Company
Public Shareholding Company

Financial Statements as at 31 December 2017
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@gtijordan.com

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Contents

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of **Jordan Mortgage Refinance Company** PLC, which comprise the statement of financial position as at 31 December 2017, and statement of profit or loss, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Hashemite Kingdom of Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Information

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

7 February 2018

Amman - Jordan

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Jordan Mortgage Refinance Company
Public Shareholding Company
Statement of financial position as at 31 December 2017

(In Jordanian Dinar)

	Notes	2017	2016
Assets			
Cash and cash equivalents	3	5,316,075	1,186,613
Deposits at banks	4	5,000,000	27,000,000
Refinance loans	5	407,771,264	248,025,496
Employees' housing loans		568,360	589,767
Interest receivable		5,033,330	3,295,622
Financial assets at amortized cost	6	6,000,000	5,001,455
Financial assets at fair value through other comprehensive income	7	397,320	720,143
Other assets	8	20,461	30,488
Property and equipment	9	456,907	468,256
Total Assets		**430,563,717**	**286,317,840**
Liabilities and Equity			
Liabilities			
Bonds	10	396,500,000	256,500,000
Central Bank of Jordan loan	11	16,389,341	15,590,795
Accrued interest		4,399,340	2,848,363
Other liabilities	12	1,138,394	887,360
Total Liabilities		418,427,075	275,826,518
Equity	13		
Paid - in capital		5,000,000	5,000,000
Statutory reserve		2,198,954	1,852,879
Voluntary reserve		1,949,774	1,949,774
Special reserve		1,253,500	1,019,320
Fair value adjustments		(371,573)	(48,750)
Retained earnings		2,105,987	718,099
Total Equity		12,136,642	10,491,322
Total Liabilities and Equity		**430,563,717**	**286,317,840**

"The attached notes from (1) to (25) 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 2017

(In Jordanian Dinar)

	Notes	2017	2016
Interest income	14	19,651,913	10,452,124
Interest expense	15	(15,276,052)	(8,045,573)
Gross operating income		**4,375,861**	**2,406,551**
Administrative expenses	16	(888,052)	(970,863)
Depreciation	9	(27,057)	(26,417)
Other revenues		-	21,104
Fees and other expenses	17	(53,571)	(55,000)
Profit before income tax		**3,407,181**	**1,375,375**
Income tax expense	21	(789,038)	(344,415)
Profit for the year		**2,618,143**	**1,030,960**
Basic and diluted earnings per share	18	**0.524**	**0.206**

"The attached notes from (1) to (25) 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 2017

(In Jordanian Dinar)

	2017	2016
Profit for the year	2,618,143	1,030,960
Other comprehensive income		
Changes in fair value of financial assets	(322,823)	(50,000)
Total comprehensive income for the year	**2,295,320**	**980,960**

"The attached notes from (1) to (25) 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 2017

(In Jordanian Dinar)

	Paid Capital	Reserves			Fair Value Adjustments	Retained Earnings	Total
		Statutory Reserve	Voluntary Reserve	Special Reserve			
Balance at 1 January 2017	5,000,000	1,852,879	1,949,774	1,019,320	(48,750)	718,099	10,491,322
Dividends paid	-	-	-	-	-	(650,000)	(650,000)
Total comprehensive income	-	-	-	-	(322,823)	2,618,143	2,295,320
Reserves	-	346,075	-	234,180	-	(580,255)	-
Balance at 31 December 2017	5,000,000	2,198,954	1,949,774	1,253,500	(371,573)	2,105,987	12,136,642
Balance at 1 January 2016	5,000,000	1,709,841	1,949,774	814,000	1,250	785,497	10,260,362
Dividends paid	-	-	-	-	-	(750,000)	(750,000)
Total comprehensive income	-	-	-	-	(50,000)	1,030,960	980,960
Reserves	-	143,038	-	205,320	-	(348,358)	-
Balance at 31 December 2016	5,000,000	1,852,879	1,949,774	1,019,320	(48,750)	718,099	10,491,322

"The attached notes from (1) to (25) 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 2017

(In Jordanian Dinar)

	2017	2016
Operating Activities		
Profit for the year before income tax	3,407,181	1,375,375
Depreciation	27,057	26,417
Financial assets premium amortization	1,455	-
Changes in working capital		
Deposits at banks	22,000,000	(5,500,000)
Interests receivable	(1,737,708)	(905,994)
Refinance loans	(159,745,768)	(99,245,768)
Employees' housing loans	21,407	(3,560)
Other assets	10,027	(5,143)
Accrued interests	1,550,977	404,869
Bonds	140,000,000	109,500,000
Government's loan	-	(1,289,305)
Central bank loan	798,546	759,639
Income tax paid	(415,673)	(647,302)
Other liabilities	(122,331)	65,748
Net cash flows from operating activities	5,795,170	4,534,976
Investing Activities		
Property and equipment	(15,708)	(56,505)
Financial assets measured at amortized cost	(1,000,000)	(5,001,455)
Financial assets measured through other comprehensive income	-	(643,893)
Net cash flows used in investing activities	(1,015,708)	(5,701,853)
Financing Activities		
Dividends paid	(650,000)	(750,000)
Changes in cash and cash equivalents	4,129,462	(1,916,877)
Cash and cash equivalents, beginning of year	1,186,613	3,103,490
Cash and cash equivalents, end of year	**5,316,075**	**1,186,613**

"The attached notes from (1) to (25) form an integral part of these financial statements"

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 7 February 2018.

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 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 2017. Management anticipates that the adoption of new and revised Standards will have no material impact on the financial statements of the Company.

Standard No.	Title of Standards	Effective Date
IFRS 9	Financial Instruments (Amendments)	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021

Use of Estimates

The preparation of the 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.

- 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 of 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 brining 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 deprecation 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.

Other revenues are recorded according to the accrual basis.

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

	2017	2016
Cash at banks	960	2,311
Deposit for period less than 3 month	5,315,115	1,184,302
	5,316,075	1,186,613

Annual interest rate for bank deposit is 4.5%.

4. Deposits at Banks

	2017	2016
Deposits for period more than 3 months and less than 6 months	-	12,000,000
Deposits for period more than 6 months and less than 9 months	-	10,000,000
Deposits for period more than 9 months and less than 1 year	5,000,000	-
Deposits for period more than 1 year	-	5,000,000
	5,000,000	**27,000,000**

Annual interest rate for bank deposits is 5.3%.

5. Refinance Loans

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

	2017	2016
Balance at 1 January	248,025,496	148,779,728
Granted loans	214,000,000	146,000,000
Repaid loans	(54,254,232)	(46,754,232)
	407,771,264	**248,025,496**

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

Year	JOD
2018	108,754,232
2019	195,254,232
2020	103,254,232
After 2020	508,568
	407,771,264

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

6. Financial assets at amortized costs

	Interest rate	2017	2016
Water Authority bonds, issue number 69, maturity date 10/11/2026 (Premium JOD 1,455)	6.484%	5,000,000	5,001,455
Al-Ahli Bank bonds, maturity date 12/10/2023	6.75%	1,000,000	-
		6,000,000	**5,001,455**

7. Financial assets at fair value through other comprehensive income

This represents the fair value investment of 2.846% of Jordan Loan Guarantee Corp. capital, a public shareholding company.

8. Other Assets

	2017	2016
Prepaid expenses	18,813	26,552
Refundable deposits	1,648	1,648
Other	-	2,288
	20,461	30,488

9. Property and Equipment

	Land	Buildings	Furniture & Fixtures	Vehicles	Computers	Total
Cost						
Balance at 1/1/2017	176,400	407,750	118,934	59,700	82,627	845,411
Additions	-	2,858	12,647	-	203	15,708
Disposals	-	-	(19,074)	-	(232)	(19,306)
Balance at 31/12/2017	176,400	410,608	112,507	59,700	82,598	841,813
Accumulated depreciation						
Balance at 1/1/2017	-	170,688	114,794	18,980	72,693	377,155
Depreciation	-	9,560	2,453	10,179	4,865	27,057
Disposals	-	-	(19,074)	-	(232)	(19,306)
Balance at 31/12/2017	-	180,248	98,173	29,159	77,326	384,906
Net book value at 31/12/2017	176,400	230,360	14,334	30,541	5,272	456,907
Cost						
Balance at 1/1/2016	176,400	407,610	118,539	63,808	84,269	850,626
Additions	-	140	2,764	50,900	2,701	56,505
Disposals	-	-	(2,369)	(55,008)	(4,343)	(61,720)
Balance at 31/12/2016	176,400	407,750	118,934	59,700	82,627	845,411
Accumulated depreciation						
Balance at 1/1/2016	-	161,626	115,462	63,806	71,564	412,458
Depreciation	-	9,062	1,701	10,182	5,472	26,417
Disposals	-	-	(2,369)	(55,008)	(4,343)	(61,720)
Balance at 31/12/2016	-	170,688	114,794	18,980	72,693	377,155
Net book value at 31/12/2016	176,400	237,062	4,140	40,720	9,934	468,256

10. Bonds

This item represents bonds issued by the company and carry an annual interest rate between (2.8%) and (9%).

	2017	2016
Balance at 1 January	256,500,000	147,000,000
Issued bonds	209,000,000	166,000,000
Repaid bonds	(69,000,000)	(56,500,000)
	396,500,000	256,500,000

The bonds outstanding balance is payable as follows:

Year	JOD
2018	113,500,000
2019	185,000,000
2020	98,000,000
	396,500,000

11. 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.

12. Other Liabilities

	2017	2016
Provision for income tax (Note 21)	600,848	227,483
Provision for end of services indemnity	370,747	480,693
Employees medication	100,970	90,890
Board of Directors' remunerations	53,571	55,000
Provision for employees' vacations	5,194	24,850
Accrued expenses	6,760	6,060
Other	304	2,384
	1,138,394	887,360

13. 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 2017 and 2016.

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 2017 to distribute 13% cash dividends to the shareholders.

The Board of Director will propose to the General Assembly in is its meeting which will be held in 2018 to distribute 19% cash dividends to shareholders.

14. Interest Income

	2017	2016
Interest on refinance loans	18,492,187	9,425,700
Treasury bonds interest	337,724	46,187
Interest on time deposits	807,762	965,060
Interest on employee's housing loans	14,240	15,177
	19,651,913	10,452,124

15. Interest Expense

	2017	2016
Interest on bonds	14,425,294	7,239,843
Interest on Central Bank of Jordan loan	821,855	781,811
Interest on Government's loan	-	9,908
Others	28,903	14,011
	15,276,052	8,045,573

16. Administrative Expenses

	2017	2016
Salaries and benefits	410,398	498,347
Social security	53,402	43,651
Board of Directors' transportation	105,618	105,930
End of service indemnity and vacations	79,373	56,703
Employees bonus	61,233	73,245
Health, life and accidents insurance	54,779	68,250
Employees' provident fund	30,778	37,645
Professional fees	16,886	15,740
Building and insurance expenses	14,440	12,627
Employees' training	10,730	7,402
Maintenance	8,137	8,500
Utilities	7,401	9,500
Hospitality	5,922	4,510
Fees and subscriptions	5,702	5,770
Donations	5,000	5,000
Stationery and publications	4,700	4,656
Vehicles expenses	4,206	4,900
Post and telephone	2,553	3,300
Advertisement	1,681	2,178
Companies Controller fees	600	600
Miscellaneous	4,513	2,409
	888,052	**970,863**

17. Fees and Other Expenses

	2017	2016
Board of Director's remunerations	**53,571**	**55,000**

18. Basic and Diluted Earnings per Share

	2017	2016
Profit for the year	2,618,143	1,030,960
Weighted average number of shares	5,000,000	5,000,000
	0.524	**0.206**

19. Executive Management remuneration

The remuneration of executive management during the years 2017 and 2016 amounted to JOD (238,787) and JOD (348,515) respectively.

20. Segment Reporting

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

21. Income Tax

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

	2017	2016
Balance at beginning of the year	227,483	530,370
Income tax expense for the year	789,038	344,415
Income tax paid	(415,673)	(647,302)
Balance at end of the year (Note 12)	**600,848**	**227,483**

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

	2017	2016
Income tax expense for the year	**789,038**	**344,415**

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

	2017	2016
Declared income	3,407,181	1,375,375
Tax exempted income	(241,070)	(39,960)
Tax unacceptable expenses	121,548	99,645
Taxable income	**3,287,659**	**1,435,060**
Income tax rate	24%	24%
Effective tax rate	23%	25%

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2015.
- The income tax return for the year 2016 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 2017 was calculated in accordance with the Income Tax Law.

22. Analysis of the Maturities of Assets and Liabilities

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

2017	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	5,316,075	-	5,316,075
Deposits at banks	5,000,000	-	5,000,000
Refinance loans	108,754,232	299,017,032	407,771,264
Employees' housing loans	37,812	530,548	568,360
Interest receivable	5,033,330	-	5,033,330
Financial assets at amortized cost	-	6,000,000	6,000,000
Financial assets at fair value through other comprehensive income	-	397,320	397,320
Other assets	20,461	-	20,461
Property and equipment	-	456,907	456,907
Total Assets	124,161,910	306,401,807	430,563,717
Liabilities			
Bonds	113,500,000	283,000,000	396,500,000
Central Bank of Jordan loan	-	16,389,341	16,389,341
Accrued interest	4,399,340	-	4,399,340
Other liabilities	1,138,394	-	1,138,394
Total Liabilities	119,037,734	299,389,341	418,427,075

2016	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	1,186,613	-	1,186,613
Deposits at banks	22,000,000	5,000,000	27,000,000
Refinance loans	54,254,232	193,771,264	248,025,496
Employees' housing loans	43,350	546,417	589,767
Interest receivable	3,295,622	-	3,295,622
Financial assets at amortized cost	1,455	5,000,000	5,001,455
Financial assets at fair value through other comprehensive income	-	720,143	720,143
Other assets	30,488	-	30,488
Property and equipment	-	468,256	468,256
Total Assets	80,811,760	205,506,080	286,317,840
Liabilities			
Bonds	69,000,000	187,500,000	256,500,000
Central Bank of Jordan loan	-	15,590,795	15,590,795
Accrued interest	2,848,363	-	2,848,363
Other liabilities	887,360	-	887,360
Total Liabilities	72,735,723	203,090,795	275,826,518

23. 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.

2017	Up to one year	More than one year	Non-interest bearing	Total
Assets				
Cash and cash equivalents	5,315,115	-	960	**5,316,075**
Deposits at banks	5,000,000	-	-	**5,000,000**
Refinance loans	108,754,232	299,017,032	-	**407,771,264**
Employees' housing loans	37,812	530,548	-	**568,360**
Interest receivable	-	-	5,033,330	**5,033,330**
Financial assets at amortized cost	-	6,000,000	-	**6,000,000**
Financial assets at fair value through other comprehensive income	-	-	397,320	**397,320**
Other assets	-	-	20,461	**20,461**
Property and equipment	-	-	456,907	**456,907**
Total Assets	**119,107,159**	**305,547,580**	**5,908,978**	**430,563,717**
Liabilities				
Bonds	113,500,000	283,000,000	-	**396,500,000**
Central Bank of Jordan loan	-	16,389,341	-	**16,389,341**
Accrued interest	-	-	4,399,340	**4,399,340**
Other liabilities	-	-	1,138,394	**1,138,394**
Total Liabilities	**113,500,000**	**299,389,341**	**5,537,734**	**418,427,075**
Net	**5,607,159**	**6,158,239**	**371,244**	**12,136,642**

2016	Up to one year	More than one year	Non-interest bearing	Total
Assets				
Cash and cash equivalents	1,184,302	-	2,311	**1,186,613**
Deposits at banks	22,000,000	5,000,000	-	**27,000,000**
Refinance loans	54,254,232	193,771,264	-	**248,025,496**
Employees' housing loans	43,350	546,417	-	**589,767**
Interest receivable	-	-	3,295,622	**3,295,622**
Financial assets at amortized cost	-	5,000,000	1,455	**5,001,455**
Financial assets at fair value through other comprehensive income	-	-	720,143	**720,143**
Other assets	-	-	30,488	**30,488**
Property and equipment	-	-	468,256	**468,256**
Total Assets	**77,481,884**	**204,317,681**	**4,518,275**	**286,317,840**
Liabilities				
Bonds	69,000,000	187,500,000	-	**256,500,000**
Central Bank of Jordan loan	-	15,590,795	-	**15,590,795**
Accrued interest	-	-	2,848,363	**2,848,363**
Other liabilities	-	-	887,360	**887,360**
Total Liabilities	**69,000,000**	**203,090,795**	**3,735,723**	**275,826,518**
Net	**8,481,884**	**1,226,886**	**782,552**	**10,491,322**

24. Financial Instruments

Financial instruments comprise of 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 accrued interest.

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 observably of significant inputs to the measurement, as follows:

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

2017	Level 1	Level 2	Level 3	Total
Financial assets through other comprehensive income	397,320	-	-	397,320

2016	Level 1	Level 2	Level 3	Total
Financial assets through other comprehensive income	720,143	-	-	720,143

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 (60) Million for the year ended 2017 against JOD (41.5) Million for the year ended 2016.

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:

2017	Less than one year	One year to two years	More than two years	Total
Bonds	113,500,000	185,000,000	98,000,000	396,500,000
Central Bank of Jordan loan	-	-	16,389,341	16,389,341
Accrued interest	4,399,340	-	-	4,399,340
Other liabilities	1,138,394	-	-	1,138,394
	119,037,734	185,000,000	114,389,341	418,427,075

2016	Less than one year	One year to two years	More than two years	Total
Bonds	69,000,000	92,500,000	95,000,000	256,500,000
Central Bank of Jordan loan	-	-	15,590,795	15,590,795
Accrued interest	2,848,363	-	-	2,848,363
Other liabilities	887,360	-	-	887,360
	72,735,723	92,500,000	110,590,795	275,826,518

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 (39,732) during 2017 (2016: JOD 72,014).

25. 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 investing the Company's assets commensurately with the level of risk.