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٢٠١٧/٠٣/٢٨

الرقم: EFG/14/2017

التاريخ: ٢٠١٧/٠٣/٢٨

السادة/ هيئة الأوراق المالية المحترمين،،،

الموضوع : البيانات المالية لعام ٢٠١٦

تحية طيبة وبعد،،،

بالإشارة الى الموضوع أعلاه ، نرفق لكم التقرير السنوي متضمناً البيانات المالية لعام ٢٠١٦ لشركة المجموعة المالية هيرميس / الأردن .

وتفضلوا بقبول فائق الاحترام والتقدير،،،

الرئيس التنفيذي

د. وليد النصان

لسليع  
١٥٨٥

بورصة عمان  
الدائرة الإدارية والمالية  
الديوان  
٢٨ آذار ٢٠١٧  
الرقم التسلسلي: ١٥٨٥  
رقم الملف: ٢٠  
الجهة المختصة: الإدارة العامة

## المجموعة المالية هيرميس الأردن محدودة المسؤولية

### التقرير السنوي لعام ٢٠١٦

أعضاء هيئة المديرين

الاسم	المنصب
احمد علي احمد والي	رئيس هيئة المديرين
وليد علي شحادة النعسان	الرئيس التنفيذي / نائب رئيس هيئة المديرين
محمد حسين عبيد	عضو هيئة المديرين
محمد سامي الوكيل	عضو هيئة المديرين
محمد محمود صالح	عضو هيئة المديرين

## كلمة رئيس هيئة المديرين

حضرات السادة المساهمين الكرام ،،،

يسرني، وأعضاء هيئة مديري الشركة والعاملين فيها، أن أقدم لكم التقرير السنوي لشركتكم والذي نستعرض فيه أهم انجازات الشركة وبياناتها المالية المنتهية في تاريخ ٢٠١٦/١٢/٣١ والإيضاحات المالية لسنة ٢٠١٦ وتطلعنا المستقبلية للأعوام القادمة.

لم يمر العام ٢٠١٦ بدون الكثير من التحديات لبنوك الاستثمار في المنطقة العربية وعلى المستوى العالمي . فمنذ بداية الأزمة المالية العالمية تأثر نشاط بنوك الاستثمار بكافة قطاعاته بشكل سلبي كبير عقب تراجع احجام التداول الى مستويات غير مسبوقة أدت بالضرورة الى تراجع واضح في ايرادات هذه الشركات انتهى بكثير منها الى تحقيق خسائر مؤلمة . ومما زاد وعمق من تأثير الأزمة المالية العالمية حالة عدم الاستقرار السياسي والتغيير الكبير الذي حصل مدفوعاً بانجازات الربع العربي . لكن ، ومنذ بداية عام ٢٠١٦ ، شهدت بعض الاسواق المالية الاقليمية، متمثلة بأسواق دول الخليج العربي ، تراجعاً ملحوظاً في نشاطاتها. وقد جاء هذا الاداء مدفوعاً بسبب التراجع الواضح في اسعار النفط وماسببه هذا التراجع من توقعات بدخول المنطقة في حقبة انكماشية من النمو الاقتصادي مع ما يترافق ذلك في العادة من تراجع للنشاط الاقتصادي وانخفاض في حجم الانفاق والاستثمار . وهذا بالتالي أثر على حماس المستثمرين وتوجهاتهم الاستثمارية .

أما على صعيد المجموعة المالية هيرميس : فقد استطاعت أن تتأقلم بشكل واضح مع التطورات التي حصلت في مصر ودول الخليج العربي وتمكنت من المحافظة على الاداء العام للمجموعة في ظل هذه الظروف الصعبة . اما على صعيد الاردن ، كأحدى الدول التي تعمل بها المجموعة، كغيرها من الدول تأثرت بالاحداث الجارية في العراق وسوريا تحديداً وتراجع اداء الاقتصاد ، مما أثر بشكل مباشر على احجام التداول في بورصة عمان ، كذلك على اسعار العديد من الشركات المساهمة العامة المدرجة في البورصة لتقل اسعارها عن قيمها الدفترية و / أو قيمها الاسمية . لكن ، ومن جهة أخرى ، لم يشهد سوق الأوراق المالية الأردني " بورصة عمان " حركة التقلبات والتذبذبات الواضحة التي شهدتها معظم اسواق منطقة الشرق الاوسط وشمال افريقيا ، بل على العكس من ذلك ، استطاعت السوق أن تنهي العام ٢٠١٦ بتحسين بسيط في مؤشر اسعار الأسهم بنسبة ١,٦ % . هذا في الوقت الذي شهدت فيه معظم الاسواق الاقليمية تحسناً أكبر من ذلك في مؤشرات الأداء لديها.

بالنسبة للمجموعة المالية هيرميس الأردن ، فقد كانت نتيجة العمليات لعام ٢٠١٦ متميزة مقارنة مع اداء السنوات السابقة ، اذا وصل حجم التداول المنفذ من خلال الشركة في عام ٢٠١٦ الى (٣٣٩,٤٥٤) مليون دينار وبنسبة ٧,٣ % من حجم التداول للسوق وبترتيب (٢) ضمن قائمة الشركات العاملة في مجال الوساطة. هذا وفي عام ٢٠١٥ ، استطاعت الشركة تحقيق حجم تداول (٢٢٥,٢٤) مليون دينار وبنسبة ٣,٣ % من حجم التداول الكلي للسوق وبترتيب (٧) ضمن شركات الوساطة العاملة في الأردن. ولقد شهد العام ٢٠١٦ تنفيذ العديد من صفقات التداول على احدى الشركات في قطاع التجزئة والتي كان لشركة المجموعة المالية هيرميس الأردن الدور الأول في ترتيب هذه الصفقات .

وعلى الرغم من طبيعة الاداء الرتيبة في سوق عمان المالي ، فقد تابعت الشركة تقديم خدمات الوساطة لعملاء الشركة القائمين، وتوالت جهود الادارة التنفيذية لاستقطاب عملاء جدد وتوسيع عمليات التداول للشريحة المهمة من عملاء المجموعة المالية هيرميس، والمستثمرين الأجانب من الصناديق والشركات الاستثمارية. كذلك استطاعت الشركة زيادة حجم التمويل على الهامش الذي ارتفع من (٣٠٣) مليون دينار في نهاية العام ٢٠١٥ الى (٣,٣٠) مليون دينار في نهاية عام ٢٠١٦ ، وقد انعكس ذلك على زيادة في ايرادات فوائد التمويل على الهامش بين العامين المذكورين بنسبة بلغت ١ % ، وبلغ معدل حجم التمويل على الهامش خلال عام ٢٠١٦ ( ٥,١٦٨ ) مليون دينار ، وارتفعت اجمالي القيمة السوقية لمحافظ التمويل على الهامش بنسبة ٣٤ % حيث بلغت في عام ٢٠١٦ ( ١٢,٣١٠ ) مليون دينار مقارنة مع ( ٩,٢١٢ ) مليون دينار في عام ٢٠١٥ .

ومما يجدر ذكره ، أن هذا التوجه منسجم مع الاستراتيجية الرئيسية للمجموعة المالية هيرميس والقائمة على التميز في تقديم الخدمات المالية والاستثمارية في منطقة الشرق الاوسط وشمال افريقيا .

### الوضع القانوني للشركة ووصف انشطتها الرئيسية :

تأسست شركة المجموعة المالية هيرميس / الأردن ( تداول للأسهم والخدمات المالية سابقاً ) كشركة ذات مسؤولية محدودة بتاريخ ٢٠٠٥/١٢/٧ برأسمال قدره ٣,٠٠٠,٠٠٠ دينار، وبشرت الشركة أعمالها كوسيط مالي في سوق عمان المالي بتاريخ ٢٠٠٦/٥/٢٨ بموجب موافقة هيئة الأوراق المالية. كما وأنه تمت الموافقة على منح شركة المجموعة المالية هيرميس الأردن ترخيصاً لممارسة أعمال التمويل على أساس الهامش بتاريخ ٢٠٠٧/٧/٢٤ . كما وأنه تمت الموافقة على منح شركة المجموعة المالية هيرميس الأردن ترخيصاً مبدئياً لإدارة الإصدارات/ بذل عناية بتاريخ ٢٠٠٨/٥/٢٠

### الوضع التنافسي للشركة:

بلغ حجم تداول الشركة خلال عام ٢٠١٦ ما مقداره ( ٣٣٩,٤٥٤ ) مليون دينار . وقد احتلت الشركة المركز ٢ من اصل (٥٧) شركة وساطة عاملة في السوق المالي ، وكانت نسبة حجم تداولها من إجمالي تداول السوق المحلي هو ٧,٣ % .

### الخطط المستقبلية :

- ١ - توسيع قاعدة العملاء وزيادة عددهم وتقديم افضل الخدمات لهم.
- ٢ - زيادة تعريف العملاء الأجانب ببورصة عمان، وتقديم الفرص الاستثمارية في الشركات المساهمة العامة لهذه الشريحة من المستثمرين .
- ٣ - زيادة التغطية البحثية للشركات المدرجة في بورصة عمان وإيصالها لأكبر عدد من العملاء.
- ٤ - الاستمرار بتقديم خدمة التمويل على الهامش مع الحفاظ على نوعية المحفظة الممولة .
- ٥ - المحافظة على جاهزية الشركة الفنية والالتزام بأفضل معايير العمل في هذا المجال.
- ٦ - تطبيق التداول الالكتروني عبر الانترنت .

### الاثـر المالي لعمليات ذات طبيعة غير متكررة حدثت خلال السنة:

لا توجد أية عمليات ذات طبيعة غير متكررة حدثت خلال عام ٢٠١٦ .

**المخاطر التي يمكن ان تتعرض لها الشركة :**

١. مخاطر اسعار الفائدة :  
تعرف مخاطر سعر الفائدة بأنها تقلب القيمة العادلة او التدفقات النقدية المستقبلية للاداة المالية نتيجة التغيرات في معدلات الفائدة في السوق.
٢. مخاطرة الائتمان :  
تعرف مخاطرة الائتمان بانها اخفاق احد اطراف الاداة المالية في الوفاء بالتزاماته مسببا بذلك خسارة مالية للطرف الآخر.  
تحتفظ الشركة بالنقد لدى مؤسسات مالية ذات ائتمان مناسب.
٣. مخاطر تقلبات اسعار العملات :  
تعرف مخاطر العملة بأنها مخاطر تقلب القيمة او التدفقات النقدية المستقبلية للاداة المالية نتيجة التغيرات في أسعار صرف العملات الاجنبية.  
ان المخاطر المتعلقة بالأدوات المالية المقيمة بالدولار الأمريكي منخفضة بسبب ثبات سعر صرف الدينار الأردني مقابل الدولار الأمريكي .
٤. الظروف الاقتصادية والاجتماعية والسياسية والتي قد تؤثر على اسعار الأوراق المالية .

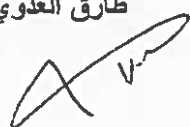
البيانات المالية لعام ٢٠١٦

مبيناً لكم ادناه مراحل تطور رأسمال الشركة ، صافي حقوق الملكية ، ارباح أو خسائر محققة ، ارباح موزعة واتعاب مدقق الحسابات خلال خمس سنوات ( بالدينار الاردني ):

2016	2015	2014	2013	2012	
3,000,000	٣,٠٠٠,٠٠٠	٣,٠٠٠,٠٠٠	٣,٠٠٠,٠٠٠	٢,٧٥٠,٠٠٠	تطور رأسمال الشركة
3,128,704	2,886,502	2,879,316	2,842,867	٢,٦٧٢,٠٠٠	تغير صافي حقوق الملكية
242,201	7,187	36,449	91,023	(113,033)	ارباح / خسائر محققة
0	.	.	.	١٤٤,١٠٣	ارباح موزعة
11368	11368	8120	8120	8120	اتعاب مدقق الحسابات الخارجي

المدير المالي

طارق العدوي



أسماء موظفي الشركة ومؤهلاتهم وخبراتهم ورتبهم الوظيفية

اسم الموظف	الرتبة الوظيفية	عدد سنوات الخبرة	المؤهل العلمي
ملك عطا الله الحموري	مسؤول دائرة الموارد البشرية والإدارية	تسعة سنوات	بكالوريوس لغات حديثة
طارق عوني حسن العدوي	المدير المالي	اثني عشرة سنة	بكالوريوس محاسبة
يوسف اسعد داود الديسي	مدير دائرة الوساطة / وسيط مالي معتمد	ثلاثة عشرة سنة	بكالوريوس علوم مالية ومصرفية
تسنيم عبد الله حرب دماطي	ضابط امتثال	تسع سنوات	بكالوريوس علوم مالية ومصرفية
محمد بدوي بدر عليوات	وسيط مالي معتمد	تسع سنوات	بكالوريوس سياحة وأثار
مثنى رفعت يوسف ابو هدهود	وسيط مالي معتمد	احدى عشر سنوات	ماجستير علوم مالية ومصرفية
شيرين عبد الكريم محمد الفواعير	وسيط مالي معتمد	عشر سنوات	بكالوريوس ادارة اعمال
سيرين عبد الله عبد القادر جعوان	وسيط مالي معتمد	احدى عشر سنوات	بكالوريوس علوم مالية ومصرفية
ميساء يوسف محمود السقا	مدير عمليات	عشر سنوات	بكالوريوس محاسبة
ليالي سامح حنا حنضل	سكرتيرة تنفيذية	اربعة عشرة سنة	دبلوم ادارة اعمال
رمزي عيسى سليم غزو	مدير قسم تكنولوجيا المعلومات	ستة سنوات	بكالوريوس نظم معلومات حاسوبية
امان جمال اسعد المصري	موظف خدمة عملاء	عشرون سنة	بكالوريوس ادارة اعمال
روان احمد رياض شكيب الترهى	محاسبة	اربعة سنوات	بكالوريوس محاسبة وقانون تجاري
عاطف احمد سالم الخوالدة	السائق	اربعة وعشرون سنة	ثانوية عامة
ابراهيم جادالله ابراهيم المصري	المراسل	ثلاثة عشرة سنوات	ثانوية عامة

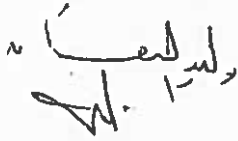


اقرارات هيئة المديرين

- يقر اعضاء هيئة المديرين لشركة المجموعة المالية هيرميس الأردن ( ذ.م.م ) بصحة ودقة واكتمال المعلومات الواردة بالتقرير السنوي للعام ٢٠١٦ .
- يقر اعضاء هيئة المديرين لشركة المجموعة المالية هيرميس الأردن ( ذ.م.م ) بمسؤوليتهم عن صحة اعداد البيانات المالية للعام ٢٠١٦ وتوفر نظام رقابة فعال في الشركة .
- يقر اعضاء هيئة المديرين لشركة المجموعة المالية هيرميس الأردن ( ذ.م.م ) بعدم وجود اي امور جوهرية قد تؤثر سلبا على استمرارية الشركة بأداء أعمالها للسنة المالية القادمة .

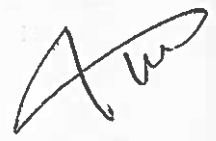
الرئيس التنفيذي

د.وليد النعسان



المدير المالي

طارق العدوي



اقرارات هيئة المديرين

- يقر اعضاء هيئة المديرين لشركة المجموعة المالية هيرميس الأردن ( ذ.م.م ) بصحة ودقة واكتمال المعلومات الواردة بالتقرير السنوي للعام ٢٠١٦ .
- يقر اعضاء هيئة المديرين لشركة المجموعة المالية هيرميس الأردن ( ذ.م.م ) بمسؤوليتهم عن صحة اعداد البيانات المالية للعام ٢٠١٦ وتوفر نظام رقابة فعال في الشركة .
- يقر اعضاء هيئة المديرين لشركة المجموعة المالية هيرميس الأردن ( ذ.م.م ) بعدم وجود اي امور جوهرية قد تؤثر سلبا على استمرارية الشركة بأداء أعمالها للسنة المالية القادمة .

رئيس هيئة المديرين

أحمد والي

أحمد والي

المدير المالي

طارق العدوي

طارق العدوي

**EFG HERMES - JORDAN  
(LIMITED LIABILITY COMPANY)  
AMMAN- JORDAN**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2016  
TOGETHER WITH INDEPENDENT  
AUDITOR'S REPORT**

**EFG HERMES - JORDAN  
(LIMITED LIABILITY COMPANY)  
AMMAN- JORDAN**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

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### Independent Auditor's Report

To the General Assembly  
EFG Hermes – Jordan  
(Limited Liability Company)  
Amman – The Hashemite Kingdom of Jordan

#### **Opinion**

We have audited the financial statements of EFG Hermes – Jordan – Limited Liability Company "The Company", which comprise of the statement of financial position as at December 31, 2016, the statements of profit or loss and other comprehensive income, changes in owners' equity and cash flows for the year ended 31 December 2016, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2016, and of its financial performance and its cash flows for the year ended December 31, 2016 in accordance with International Financial Reporting Standards (IFRS).

#### **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 paragraph of our report. We are independent of the Company in accordance with International Ethics Standards Board of Accountant Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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 business, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **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.

KPMG Kawasmy & Partners Co., a registered Jordanian partnership under No. (226),  
is a member firm of KPMG International, a Swiss cooperative

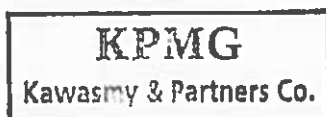


As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 auditors' 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 auditors' 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.

Kawasmy and Partners  
KPMG

Hatem Kawasmy  
License No. (656)



Amman – Jordan  
March 20, 2017

**EFG HERMES - JORDAN  
(LIMITED LIABILITY COMPANY)  
AMMAN- JORDAN**

**STATEMENT OF FINANCIAL POSITION**

<i>Jordanian dinar</i>	<i>Note</i>	<i>As of December 31,</i>	
		<i>2016</i>	<i>2015</i>
<b>Assets</b>			
Cash and cash equivalents	8	1,521,004	557,328
Receivable from customers – Margin & spot	7	4,081,351	3,336,777
Due from Securities Depository Center		42,639	-
Due from a related party	11	670	-
Other debit balances	6	294,580	94,112
Deferred tax assets	16	34,300	62,078
Intangible assets	5	2,145	3,143
Property and equipment	4	41,601	55,557
<b>Total assets</b>		<b>6,018,290</b>	<b>4,108,995</b>
<b>Liabilities and owner's equity</b>			
<b>Liabilities</b>			
Payables	13	1,561,127	542,225
Bank overdraft	10	744,105	86,203
Due to Securities Depository Center		-	149,500
Due to related parties	11	-	45,858
Loan from a related party	11	354,500	354,000
Other credit balance	12	229,854	44,707
<b>Total liabilities</b>		<b>2,889,586</b>	<b>1,222,493</b>
<b>Owner's equity</b>			
Paid up capital	1	3,000,000	3,000,000
Statutory reserve	9	121,697	86,173
Retained earnings (accumulated losses)		7,007	(199,671)
<b>Net owner's equity</b>		<b>3,128,704</b>	<b>2,886,502</b>
<b>Total liabilities and owner's equity</b>		<b>6,018,290</b>	<b>4,108,995</b>

The accompanying pages from (7) to (22) are an integral part of the financial statements.

Chairman of Management Committee

General Manager

Financial Manager

**EFG HERMES - JORDAN  
(LIMITED LIABILITY COMPANY)  
AMMAN- JORDAN**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

<i>Jordanian dinar</i>	<u>Note</u>	<u>For the Year Ended December 31,</u>	
		<u>2016</u>	<u>2015</u>
Brokerage commissions revenue		920,969	659,014
Margin financing interest revenue		257,738	254,339
Banks Interest revenue		178,929	2,618
Banks Interest expenses		(102,388)	(83,361)
<b>Total Revenues</b>		<b>1,255,248</b>	<b>832,610</b>
Administrative expenses	14	(883,377)	(811,891)
Depreciation and amortization	4,5	(17,476)	(12,911)
Other revenues		845	1,647
<b>Profit for the year before tax</b>		<b>355,240</b>	<b>9,455</b>
Income tax expenses	16	(113,038)	(2,269)
<b>Profit for the year after tax</b>		<b>242,202</b>	<b>7,186</b>
Other Comprehensive Income for the year		-	-
<b>Total Comprehensive income for the year</b>		<b>242,202</b>	<b>7,186</b>

The accompanying pages from (7) to (22) are an integral part of the financial statements.

Chairman of Management Committee

General Manager

Financial Manager



**EFG HERMES - JORDAN  
(LIMITED LIABILITY COMPANY)  
AMMAN- JORDAN**

**STATEMENT OF CHANGES IN OWNER'S EQUITY**

<i>Jordanian dinar</i>	<u>Paid up Capital</u>	<u>Retained earnings (Accumulated Losses)</u>	<u>Statutory Reserve</u>	<u>Total</u>
<b><u>For the year ended December 31, 2016</u></b>				
Balance as of January 1, 2016	3,000,000	(199,671)	86,173	2,886,502
Total comprehensive income for the year	-	242,202	-	242,202
Transferred to statutory reserve	-	(35,524)	35,524	-
<b>Balance as of December 31, 2016</b>	<b><u>3,000,000</u></b>	<b><u>7,007</u></b>	<b><u>121,697</u></b>	<b><u>3,128,704</u></b>
<b><u>For the year ended December 31, 2015</u></b>				
Balance as of January 1, 2015	3,000,000	(205,912)	85,228	2,879,316
Total comprehensive income for the year	-	7,186	-	7,186
Transferred to statutory reserve	-	(945)	945	-
<b>Balance as of December 31, 2015</b>	<b><u>3,000,000</u></b>	<b><u>(199,671)</u></b>	<b><u>86,173</u></b>	<b><u>2,886,502</u></b>

The accompanying pages from (7) to (22) are an integral part of the financial statements.

**EFG HERMES - JORDAN  
(LIMITED LIABILITY COMPANY)  
AMMAN- JORDAN**

**STATEMENT OF CASH FLOWS**

<i>Jordanian dinar</i>	<i>Note</i>	<i>For the year ended December 31,</i>	
		<i>2016</i>	<i>2015</i>
<b>Cash flows from operating activities</b>			
Profit for the year before tax		355,240	9,455
<b>Adjustments:</b>			
Depreciation and Amortization	4,5	17,476	12,911
Banks Interest revenue		(178,929)	(2,618)
Employees bonus provision		101,228	41,688
(Gain) from sales of property and equipment		(528)	-
<b>Operating profit before changes in working capital items</b>		<b>294,487</b>	<b>61,436</b>
<b>Changes in working capital items:</b>			
Due from a related party		(670)	5,153
Other debit balances		(200,468)	(9,483)
Due from securities depository center		(192,139)	(39,500)
Receivable from customers – Margin & spot		(744,574)	(134,872)
Tax payments		(39,783)	-
Other credit balances		38,441	(5,908)
Payables		1,018,902	(6,350)
<b>Net cash flows from (used in) operating activities</b>		<b>174,196</b>	<b>(129,524)</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(2,624)	(19,046)
Acquisition of intangible assets		-	-
Received interest revenue		178,929	2,618
Disposals		631	-
<b>Net cash flows from (used in) investing activities</b>		<b>176,936</b>	<b>(16,428)</b>
<b>Cash flows from financing activities</b>			
Due to related parties		(45,858)	41,207
Loan from related parties		500	-
<b>Net cash flows (used in) from financing activities</b>		<b>(45,358)</b>	<b>41,207</b>
<b>Net change in cash and cash equivalents during the year</b>		<b>305,774</b>	<b>(104,745)</b>
<b>Cash and cash equivalents at the beginning year</b>		<b>471,125</b>	<b>575,870</b>
<b>Cash and cash equivalent for cash flow purpose</b>	<b>8</b>	<b>776,899</b>	<b>471,125</b>

The accompanying pages from (7) to (22) are an integral part of the financial statements

**EFG HERMES - JORDAN  
(LIMITED LIABILITY COMPANY)  
AMMAN- JORDAN**

**NOTES TO THE FINANCIAL STATEMENTS**

**1) GENERAL**

EFG HERMES – Jordan (formally known as: Tadawol for securities and Financial Services) which called hereafter "The Company" was registered at Companies Control Department in the Ministry of Trade and Industry under registration number (11172) in December 7, 2005 with a share capital of 2,750,000 Jordanian Dinar. On June 22, 2010 all shares were sold to EFG – HERMES holding Company registered in the Arab Republic of Egypt, which become the owner of 100% of the Company's capital. Moreover, the Company's general Assembly approved in its extraordinary meeting held on November 13, 2011 to increase the Company's paid – up capital by an amount of JOD 250,000 to reach JOD 3,000,000.

The Company started its operations and brokerage activities in Amman Stock Exchange on May 25, 2005.

The Company acquired the margin-financing license and started its margin trading operations accordingly on July 24, 2007.

The Company's main objectives are:

- Offering of securities brokerage except dealing with stock on global exchanges.
- Offering of financial and technical consulting.
- Performing financial, economic and marketing research and studies.
- Margin financing services.

The Company's main address is Amman – Al Shimaisani.

- The financial statements have been approved by the board of managing Directors on March 20, 2017 and it's subject to general assembly approval.

**2) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

**a) Statement of Compliance**

- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

**b) Basis of Measurement**

The financial statements have been prepared on the historical cost basis, except for financial assets and liabilities.

**c) Functional and Presentation Currency**

These financial statements are presented in Jordanian Dinar, which is the Company's functional currency.

**d) Use of Estimates and Judgments**

The preparation of financial statements in accordance with international financial reporting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, the revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

**EFG HERMES - JORDAN  
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AMMAN- JORDAN**

**NOTES TO THE FINANCIAL STATEMENTS**

In particular, information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are summarized as follows:

- Management provides a provision for doubtful accounts based on management's estimates for the recoverability of these accounts in conformity with IFRSs.
- Management recognizes the income tax expense for the year based on its estimation of the taxable income in accordance to the effective laws and regulations and (IFRS) as well as the calculation of deferred tax assets and the required income tax provision.
- Management periodically reassesses the economic useful lives of tangible and intangible assets based on the general condition of these assets and the expectation for their useful economic lives in the future.
- Management frequently reviews the lawsuits raised against the Company based on a legal study prepared by the Company's legal advisors. This study highlights potential risks that the Company may incur in the future.

**- Fair value measurement :**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- 1- In the principal market for the asset or liability, or
- 2- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The asset or liability measured at fair value might be either of the following:

- A- Stand-alone asset or liability; or
- B- A group of assets, a group of liabilities or a group of assets and liabilities (eg a cash generating unit or a business).

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group Audit Committee.

Management believes that its estimates and underlying assumptions are reasonable and sufficient.

**EFG HERMES - JORDAN  
(LIMITED LIABILITY COMPANY)  
AMMAN- JORDAN**

**NOTES TO THE FINANCIAL STATEMENTS**

**e) Significant accounting policies**

The accounting policies applied by the Company in these financial statements for the year ended December 31, 2016 are the same as those applied by the Company in its financial statements for the year ended December 31, 2015, except for the following International Financial Reporting Standards effective on or after January 1, 2016 which are as follows :

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 10, IFRS 12 and IAS 28
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 and IAS 38
- Amendments to IAS 16 and 41: Bearer plants
- Amendments to IFRS 10 and IAS 28
- Amendments to IAS 27: Equity method in separate financial statements
- Amendments to IAS 1
- Annual Improvements to IFRSs 2012-2014

The application of these amended standards did not have a significant effect on the Company's financial statements.

The following are the significant adopted accounting policies:

**- Intangible Assets**

Intangible assets with definite useful lives are amortized over their useful lives and are recognized at cost less accumulated amortization and any impairment losses. Amortization of assets shall be recognized in the statement of profit or loss. However, intangible assets with an indefinite useful life should not be amortized and it is required to be tested for impairment as at the financial statement date. Any impairment in its amount to be recognized in the statement of profit or loss, the intangible assets are amortized as follows:

<u>Intangible assets</u>	<u>Annual amortization Rate</u>
Brokerage license	20%
Computer software	25%
Website	25%

**- Property and equipment**

Items of property and equipment are measured at cost less accumulated depreciation and any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the property and equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separated items of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within the statement of profit or loss and other comprehensive income.

**EFG HERMES - JORDAN  
(LIMITED LIABILITY COMPANY)  
AMMAN- JORDAN**

**NOTES TO THE FINANCIAL STATEMENTS**

• **Subsequent costs**

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of that item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be measured reliably.

The costs of the day-to-day servicing of property and equipment are recognized in the statement of profit or loss as incurred.

• **Depreciation**

Depreciation is recognized in the statement of profit or loss on a straight line basis over the estimated useful life of each part of an item of property and equipment.

Property and equipment are depreciated using the following rates:

<u>Property and equipment</u>	<u>Annual depreciation Rate</u>
Furniture and fixtures	% 10
Tools and equipment	% 15
Decorations	% 15
Computers	% 25
Vehicles	% 15

**Receivables**

Receivable are stated at its net recoverable amount after deduction of allowance for doubtful debt provision.

**Impairment**

• **Financial Assets**

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the statement of profit or loss.

• **Non-Financial Assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. All impairment losses are recognized in the statement of profit or loss.

**EFG HERMES - JORDAN  
(LIMITED LIABILITY COMPANY)  
AMMAN- JORDAN**

**NOTES TO THE FINANCIAL STATEMENTS**

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**Revenue recognition**

Revenue represents commissions earned from stocks trading (sell or buy) for the brokerage clients and margin finance. Revenue is recognized when transactions (sell or buy) are performed and service is rendered to the client on an accrual basis.

Other revenues are recognized on an accrual basis.

The interest revenues and margin financing are recognized in the period in which they are earned on the effective interest rate method.

**Transactions in foreign currencies**

Transactions in foreign currencies are translated to Jordanian Dinars, using the rates prevailing at the date of transactions. Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinars using the average rate prevailing on December 31. Exchange gains or losses resulting are recorded in the statement of profit or loss.

**Offsetting**

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

**Provisions**

A provision is recognized if, as a result of a past event, the Company has a present (legal or contractual) obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**Income tax**

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in statement of profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized through statements of other comprehensive income.

Current tax is the expected income tax payable for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect to previous years.

Deferred tax is recognized using the financial position method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which a temporary difference can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current tax payable is calculated at the tax rate of 24% in accordance with prevailing income tax law in Jordan at the date of the financial statements.

**EFG HERMES - JORDAN  
(LIMITED LIABILITY COMPANY)  
AMMAN- JORDAN**

**NOTES TO THE FINANCIAL STATEMENTS**

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**3) NEW AND REVISED STANDARDS**

A number of new standards, amendments and improvements to standards and interpretations are effective for annual periods beginning on January 1, 2017, and have not been applied in preparing these financial statements.

**New standards**

- IFRS 15 Revenue from Contracts with Customers (effective from 2017)
- IFRS 9 Financial Instruments (effective from 2018)
- IFRS 16 Leases (effective 31 December 2019)

**Amendments**

- Disclosure Initiative (Amendments to IAS 7). (Effective from 2017).
- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12). (Effective from 2017).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2) (Effective from 2018).

The Company anticipates that each of the above standards and interpretations (amendments) will be adopted in the financial statements by its date mentioned above without having any material impact on the Company's financial statements



EFG HERMES - JORDAN  
(LIMITED LIABILITY COMPANY)  
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NOTES TO THE FINANCIAL STATEMENTS

4) PROPERTY AND EQUIPMENT

The details of this balance is as follows:

<i>Jordanian dinar</i>	Furniture and Fixtures	Tools and Equipment	Decorations	Computers	Vehicles	Total
<u>December 31, 2016</u>						
<u>Cost</u>						
Balance as of January 1, 2016	48,734	66,736	42,958	112,372	11,150	281,950
Additions of the year	1,518	1,106	-	-	-	2,624
Disposals	(2,320)	(3,150)	-	(208)	-	(5,678)
Balance as of December 31, 2016	<u>47,932</u>	<u>64,692</u>	<u>42,958</u>	<u>112,164</u>	<u>11,150</u>	<u>278,896</u>
<u>Accumulated Depreciation</u>						
Balance as of January 1, 2016	26,158	51,080	42,825	95,180	11,150	226,393
Depreciation for the year	5,498	5,928	93	4,959	-	16,478
Disposals	(2,279)	(3,149)	-	(148)	-	(5,576)
Balance as of December 31, 2016	<u>29,377</u>	<u>53,859</u>	<u>42,918</u>	<u>99,991</u>	<u>11,150</u>	<u>237,295</u>
<u>December 31, 2015</u>						
<u>Cost</u>						
Balance as of January 1, 2015	46,501	65,311	42,958	96,984	11,150	262,904
Additions of the year	2,233	1,425	-	15,388	-	19,046
Balance as of December 31, 2015	<u>48,734</u>	<u>66,736</u>	<u>42,958</u>	<u>112,372</u>	<u>11,150</u>	<u>281,950</u>
<u>Accumulated Depreciation</u>						
Balance as of January 1, 2015	20,128	49,591	42,780	92,755	10,871	216,125
Depreciation for the year	6,030	1,489	45	2,425	279	10,268
Balance as of December 31, 2015	<u>26,158</u>	<u>51,080</u>	<u>42,825</u>	<u>95,180</u>	<u>11,150</u>	<u>226,393</u>
<u>Net book value as of</u>						
December 31, 2016	<u>18,555</u>	<u>10,833</u>	<u>40</u>	<u>12,173</u>	<u>-</u>	<u>41,601</u>
December 31, 2015	<u>22,576</u>	<u>15,656</u>	<u>133</u>	<u>17,192</u>	<u>-</u>	<u>55,557</u>

**EFG HERMES - JORDAN  
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AMMAN- JORDAN**

**NOTES TO THE FINANCIAL STATEMENTS**

**5) INTANGIBLE ASSETS**

The details of this balance is as follows:

<i>Jordanian dinar</i>	<u>Brokerage License</u>	<u>Computer Software</u>	<u>Website</u>	<u>Total</u>
<b><u>December 31, 2016</u></b>				
<b><u>Cost</u></b>				
Balance as of January 1, 2016	200,000	34,129	2,708	236,837
Balance as of December 31, 2016	200,000	34,129	2,708	236,837
<b><u>Accumulated amortization</u></b>				
Balance as of January 1, 2016	200,000	30,986	2,708	233,694
Amortization for the year	-	998	-	998
Balance as of December 31, 2016	200,000	31,985	2,708	234,692
<b><u>December 31, 2015</u></b>				
<b><u>Cost</u></b>				
Balance as of January 1, 2015	200,000	34,129	2,708	236,837
Balance as of December 31, 2015	200,000	34,129	2,708	236,837
<b><u>Accumulated amortization</u></b>				
Balance as of January 1, 2015	200,000	28,343	2,708	231,051
Amortization for the year	-	2,643	-	2,643
Balance as of December 31, 2015	200,000	30,986	2,708	233,694
<b><u>Net book value as of:</u></b>				
December 31, 2016	-	2,145	-	2,145
December 31, 2015	-	3,143	-	3,143

**6) OTHER DEBIT BALANCES**

<i>Jordanian dinar</i>	<u>As of December 31,</u>	
	<u>2016</u>	<u>2015</u>
Prepaid expenses	79,403	49,057
Settlement guarantee fund	200,000	25,000
Income tax deposit	8,848	8,702
Other receivables	83,119	86,168
Refundable deposits	550	525
Accrued revenues	-	2,000
Provision for doubtful debts	(77,340)	(77,340)
	<u>294,580</u>	<u>94,112</u>

**7) RECEIVABLES FROM CUSTOMERS - MARGIN & SPOT**

<i>In Jordanian Dinur</i>	<u>As of December 31,</u>	
	<u>2016</u>	<u>2015</u>
Receivable from Spot customers*	18	632,931
Receivable from margin customers**	4,081,333	2,703,846
	<u>4,081,351</u>	<u>3,336,777</u>

**EFG HERMES - JORDAN  
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**NOTES TO THE FINANCIAL STATEMENTS**

\* The below schedule shows receivables maturity periods as of December 31:

<i>In Jordanian Dinar</i>	<b>2016</b>	<b>2015</b>
Not matured yet	-	632,881
Mature after a week and less than a 60 days	18	3
Mature after 61 days and less than a 90 days	-	-
Mature after 91 days and less than a 180 days	-	16
Mature for more than 180 days	-	31
	<b>18</b>	<b>632,931</b>

\* The Company is granting facilities for margin customers up to 50% initial margin from the market value of the acquired securities which should not decline to 30% (maintenance margin) from the value of the customers investment based on Margin Finance Instructions for the year 2006 and its amendments for the year 2013 issued by the Securities Exchange Commission, with interest rate ranging between (6-8%) and with the guarantee of the funded investments where they are monitored on a regular basis, the details on December 31, 2015 are as follows:

- Total market value of portfolios are JOD 12,293,616.
- Total amount funded by the Company JOD 4,081,333.
- Total funded by customers (safety margin) JOD 8,212,283.
- The ratio of funded by the customers to total market value of the portfolios are 67%.

Moreover, the Company follow a policy to obtain sufficient guarantees from its customers, where appropriate, to mitigate the risk of financial losses due to default.

**8) CASH AND CASH EQUIVALENTS**

<i>Jordanian dinar</i>	<b>As of December 31,</b>	
	<b>2016</b>	<b>2015</b>
Cash on hand	75	1,300
Cash at banks - current accounts	1,520,929	556,028
	<b>1,521,004</b>	<b>557,328</b>
Bank overdraft - note (11)	(744,105)	(86,203)
Cash and cash equivalent for cash flow purposes	<b>776,899</b>	<b>471,125</b>

**9) STATUTORY RESERVE**

According to the Jordanian Companies Law No, (22) For the year 1997 Article No, (70) the Company deducts (10%) of its annual net profit for the account of the statutory reserve, and will continue to deduct the same percentage each year provided that the total deducted amounts for the said reserve shall not exceed the Company's capital," this reserve shall not be distributed among owners.

**10) BANK OVERDRAFT**

This item represents the utilized balance from overdraft limit granted by the Audi Bank as of December 31, 2016. Moreover the Company has obtained several overdraft limits from several local banks with the following details:

- a- **Overdraft – Audi Bank:** credit facilities represented in an overdraft account with a limit amounted to JOD 2,500,000 and an interest rate of 7.75% annually.
- b- **Overdraft – Egyptian Arab land Bank:** credit facilities represented in an overdraft account with a limit amounted to JOD 2,000,000 and an interest rate of 7.25% annually.

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**NOTES TO THE FINANCIAL STATEMENTS**

**11) TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

**(11-1) Transactions with related parties**

Through the year, the transactions with related parties in the ordinary course of business, and in conditions that are accepted between parties were as follow:

<i>Jordanian dinar</i> <u>Company's name</u>	<u>Nature of Relation</u>	<u>Nature of Transactions</u>	<u>Volume of Transactions as December 31,</u>	
			<u>2016</u>	<u>2015</u>
EFG Hermes – Holding	Parent Company	Commissions and head office charges	45,927	59,177
EFG Herms for brokerage	Sister Company	Commissions	1,714	59,973
EFG Herms / UAE	Sister Company	Expenses	24	9,330
EFG Herms / IFA	Company	Expenses	-	1,589

**(11-2) Due from a related party**

<i>Jordanian dinar</i>	<u>Nature of Relation</u>	<u>As of December 31,</u>	
		<u>2016</u>	<u>2015</u>
EFG Hermes – Holding	Parent Company	670	-
		<u>670</u>	<u>-</u>

**(11-3) Due to related parties**

<i>Jordanian dinar</i>	<u>Nature of Relation</u>	<u>As of December 31,</u>	
		<u>2016</u>	<u>2015</u>
EFG Hermes – Holding	Parent Company	-	10,009
Financial Brokerage Group	Sister company	-	35,849
		<u>-</u>	<u>45,858</u>

The balances with related parties bears no interest and has no repayment schedule.

**(11-4) Benefits of Senior Management and Management Committee**

Short-term senior management and management committee benefits during the year amounted to JOD 56,717 (JOD 240,183: 2015).

**(11-5) Loan from a related party**

The item represents a supporting loan obtained by the Company from its parent (EFG - Hermes Holding), which has been renewed on May 13, 2015 for the purpose of financing the Company's operations to mature on May 12, 2017. This loan is granted with no guarantees and bears no interest.

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**NOTES TO THE FINANCIAL STATEMENTS**

**12) OTHER CREDIT BALANCES**

<i>Jordanian dinar</i>	As of December 31,	
	2016	2015
Employees bonus provision	142,916	41,688
Accrued expenses	142	184
Income tax deposits	36	1,335
Employee's income tax	-	-
Due to capital market institution	1,500	1,500
Company income tax liability	85,260	-
	<b>229,854</b>	<b>44,707</b>

**13) PAYABLES**

<i>Jordanian dinar</i>	As of December 31,	
	2016	2015
Brokerage customers accounts	1,539,256	378,357
Margin financing customers' accounts	17,822	156,847
Suppliers' accounts	4,049	7,021
	<b>1,561,127</b>	<b>542,225</b>

**14) ADMINISTRATIVE EXPENSES**

<i>Jordanian dinar</i>	For the year ended December 31,	
	2016	2015
Employee's salaries and benefits	373,987	357,014
Company's contribution in social security	36,765	33,866
Bonuses to employees	156,879	105,778
Rents	34,029	34,061
Post, telephone and internet	49,784	19,179
Investor protection fund	33,942	22,510
Technical support expenses	6,990	32,030
Professional fees	25,428	19,004
Agent commissions	5,115	74,670
Stock sales commission	46,620	32,100
Licenses, fees and subscriptions	14,456	13,008
Utilities	8,222	8,331
Health and other insurance	34,418	25,296
Travel and transportation	4,105	15,880
Hospitality	1,857	4,778
Stationary and printing	6,594	3,494
Advertising and promotion	3,413	1,916
Trading errors	1,209	179
Cleaning	1,995	416
Employees Training	6,837	807
End of service indemnity	21,753	-
Others	8,979	7,574
	<b>883,377</b>	<b>811,891</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

**15) CONTINGENT LIABILITIES**

As at the date of the financial statements, the Company was contingently liable against bank guarantees in the amount of JOD 853,000 with no cash margins (JOD 853,000 : 2015). These bank guarantees are guaranteed by the parent Company.

**16) TAX STATUS**

**(16-1) DEFERRED TAX ASSETS**

a- The details of this balance is as follows:

As of 31 December 2016						
<i>Jordanian dinar</i> <u>Included accounts</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Released</u>	<u>Ending balance</u>	<u>Deferred tax</u>	
					<u>2016</u>	<u>2015</u>
Accumulated losses	216,970	-	216,970	-	-	52,073
Employees bonus provision	41,688	142,916	41,688	142,916	34,300	10,005
<b>Total</b>	<b>258,658</b>	<b>142,916</b>	<b>258,658</b>	<b>142,916</b>	<b>34,300</b>	<b>62,078</b>

The movement on the deferred tax assets account during the year was as follows:

<i>Jordanian dinar</i>	<u>For the year ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Balance at the beginning of the year	62,078	64,347
Amortization of deferred tax assets during the year - net	(27,778)	(2,269)
<b>Balance at the end of the year</b>	<b>34,300</b>	<b>62,078</b>

b- Income tax expense presented in the Statement of profit or loss and other comprehensive income consists of the following:

<i>In Jordanian Dinar</i>	<u>2016</u>	<u>2015</u>
Income tax of the year	85,260	-
Deferred tax assets -Net	27,778	2,269
	<b>113,038</b>	<b>2,269</b>

c- The following is a summary of the reconciliation between accounting profit and taxable profit:

<i>In Jordanian Dinar</i>	<u>For the year ended on December 31,</u>	
	<u>2016</u>	<u>2015</u>
Accounting profit	355,240	9,455
Non-deductible expenses	-	-
<b>Taxable Profit</b>	<b>355,240</b>	<b>9,455</b>
Income tax rate	24%	24%
<b>Income tax for the year</b>	<b>85,260</b>	<b>-</b>

The Company reached to a final settlement with the Income and Sales Tax Department up to the year ended 2014 except for the year 2012 which have not been reviewed by Income and Sales Tax Department yet. Management believes that the Company will not incur any additional tax obligations against the year 2012, contrary to what has been recorded in the financial statements. Moreover in the opinion of management and it's tax consultant, the provision recorded in the financial statement is sufficient to meet tax obligations.

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**NOTES TO THE FINANCIAL STATEMENTS**

**17) FINANCIAL INSTRUMENTS**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Capital Management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The local management supported by the Group's management has overall responsibility for the establishment and oversight of Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's management oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

**- Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables. The Company continuously reviews customers' accounts through the aging reports for any overdue amounts and properly account for these amounts through either booking bad debts or selling stocks from customers portfolios as per the agreements with the customers.

The carrying amount of the financial assets represents the highest amount that can be exposed for the credit risk as of the financial statements dates as follows:

<i>Jordanian dinar</i>	<u>Carrying amount as of December 31,</u>	
	<u>2016</u>	<u>2015</u>
Cash at banks	1,520,928	556,028
Receivable from customers – Margin & spot	4,081,351	3,336,777
Other debit balances	294,580	94,112
	<u>5,896,859</u>	<u>3,986,917</u>

**- Liquidity risk**

The liquidity risk that may occur arises from the threat of one or more of the Company's clients' inability to pay the amount owed to the Company, or it may arise from the risk that the Company may not be able to meet its contractual obligations. Also, the Company maintains credit facilities represented in an overdraft bank account to face short term liabilities:

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The following are the contracted maturities of financial liabilities, including estimated interest payments:

<i>Jordanian dinar</i>	Book value	Contracted cash flows	6 months or less	6-12 months	More than one year
<b>As of December 31, 2016</b>					
Bank overdraft	744,105	(744,105)	(744,105)	-	-
Payables	1,561,127	(1,561,127)	(1,561,127)	-	-
Due from Securities Depository Center	-	-	-	-	-
Due to related parties	-	-	-	-	-
Other credit balances	229,854	(229,854)	(229,854)	-	-
Loan from related party	354,500	(354,500)	(354,500)	-	-
<b>Total</b>	<b>2,889,586</b>	<b>(2,889,586)</b>	<b>(2,889,586)</b>	<b>-</b>	<b>-</b>
<b>As of December 31, 2015</b>					
Bank overdraft	86,203	(86,203)	(86,203)	-	-
Payables	542,225	(542,225)	(542,225)	-	-
Due from Securities Depository Center	149,500	(149,500)	(149,500)	-	-
Due to related parties	45,858	(45,858)	(45,858)	-	-
Other credit balances	44,707	(44,707)	(44,707)	-	-
Loan from related party	354,000	(354,000)	(354,000)	-	-
<b>Total</b>	<b>1,222,493</b>	<b>(1,222,493)</b>	<b>(1,222,493)</b>	<b>-</b>	<b>-</b>

• **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Company's profit or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The company has minimal exposure to market risk.

• **Currency risk**

The Company may be exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than Jordanian Dinar. Transactions dominated in currencies other Jordanian Dinar is in US Dollar and since US Dollar is pegged against Jordanian Dinar; the company's exposure to currency risk is minimal.

• **Interest rate risk**

The interest rate risk is related to possible volatility of the financial instruments due to changes in the market interest rate. The company is currently working on preparation of several policies to manage this type of financial risk within the specific strategies, which holds the Company's management oversight to control these risks.

The Company's interest bearing financial instruments at the date of this financial statement are as follows:

<i>Jordanian dinar</i>	As of December 31,	
	2016	2015
Fixed Rate Financial assets Instruments	4,081,333	2,703,846
Fixed Rate Financial liabilities Instruments	(744,105)	(86,203)
	<b>3,337,228</b>	<b>2,617,643</b>



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An increase in the interest rate price 1% will lead to increase in finance expenses with an amount of JD 33,372 a decrease in the interest rate price 1% will lead to decrease in finance expenses with an amount of (JD 33,372).

**- Sensitivity analysis for the fair value for Fixed Rate Financial Instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and does not account for derivatives as hedging instruments by using fair value model; therefore, a change in interest rates at the reporting date would not affect profit or loss.

**- Capital Management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a strong capital base.

**18) Fair Value Hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined 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 (i.e., as prices) or indirectly (i.e., derived from prices). Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs good be defend directly or indirectly.

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**A. Financial assets and liabilities that are measured at fair value on a recurring basis:**

<i>Jordanian Dinar</i>	<i>Carrying Amount</i>	<b>December 31, 2016</b>		
		<b>Fair Value</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial Assets</b>				
Cash and cash equivalent	1,521,004	1,521,004	-	-
<b>December 31, 2015</b>				
<i>Jordanian Dinar</i>	<i>Carrying Amount</i>	<b>Fair Value</b>		
		<b>Fair Value</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial Assets</b>				
Cash and cash equivalent	557,328	557,328	-	-

Management believes that the carrying amount of these financial assets approximate their fair value.

There were no transfers between level 1 and level 2 during the year 2016.

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**B. Financial assets and liabilities that are not measured at fair value:**

<i>Jordanian Dinar</i>	December 31, 2016			
	Carrying Amount	Level 1	Fair Value Level 2	Level 3
<b>Financial assets:</b>				
Receivables from customers – Margin & Spot	4,081,351	-	4,081,351	-
<b>Financial Liabilities</b>				
Bank overdraft	744,105	-	744,105	-
Payables	1,561,127	-	1,561,127	-
Loan from a related party	354,500	-	354,500	-
		December 31, 2015		
<i>Jordanian Dinar</i>	Carrying Amount	Level 1	Fair Value Amount	Level 3
<b>Financial assets:</b>				
Receivables from customers – Margin & Spot	3,336,777	-	3,336,777	-
<b>Financial Liabilities</b>				
Bank overdraft	86,203	-	86,203	-
Payables	542,225	-	542,225	-
Due to Security Depository Center	149,500	-	149,500	-
Due to related parties	45,858	-	45,858	-
Loan from a related party	354,000	-	354,000	-

For items illustrated above, level 2 fair values for financial assets and liabilities have been determined based on effective Interest rates and the agreed upon pricing models, which reflects credit risks for parties dealing with the Company.

Management believes that the carrying amount of these financial assets approximate their fair value due to their short term maturities or of re-pricing their interest rates.

There were no transfers between level 1 and level 2 during the year 2016.

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**STATEMENT OF FINANCIAL POSITION**

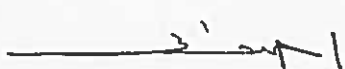
<i>Jordanian dinar</i>	Note	As of December 31.	
		2016	2015
<b>Assets</b>			
Cash and cash equivalents	8	1,521,004	557,328
Receivable from customers – Margin & spot	7	4,081,351	3,336,777
Due from Securities Depository Center		42,639	-
Due from a related party	11	670	-
Other debit balances	6	294,580	94,112
Deferred tax assets	16	34,300	62,078
Intangible assets	5	2,145	3,143
Property and equipment	4	41,601	55,557
<b>Total assets</b>		<b>6,018,290</b>	<b>4,108,995</b>
<b>Liabilities and owner's equity</b>			
<b>Liabilities</b>			
<b>Payables</b>	13	1,561,127	342,225
Bank overdraft	10	744,105	86,203
Due to Securities Depository Center		-	149,500
Due to related parties	11	-	45,858
Loan from a related party	11	354,500	354,000
Other credit balance	12	229,854	44,707
<b>Total liabilities</b>		<b>2,889,586</b>	<b>1,222,493</b>
<b>Owner's equity</b>			
Paid up capital	1	3,000,000	3,000,000
Statutory reserve	9	121,697	86,173
Retained earnings (accumulated losses)		7,007	(199,671)
<b>Net owner's equity</b>		<b>3,128,704</b>	<b>2,886,502</b>
<b>Total liabilities and owner's equity</b>		<b>6,018,290</b>	<b>4,108,995</b>

The accompanying pages from (7) to (24) are an integral part of the financial statements.

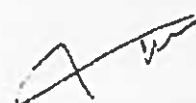
Chairman of Management Committee

General Manager

Financial Manager



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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

<i>Jordanian dinar</i>	<i>Note</i>	<i>For the year Ended December 31,</i>	
		<i>2016</i>	<i>2015</i>
Brokerage commissions revenue		920,969	659,014
Margin financing interest revenue		257,738	254,339
Banks Interest revenue		178,929	2,618
Banks Interest expenses		(102,388)	(83,361)
<b>Total Revenues</b>		<b>1,255,248</b>	<b>832,610</b>
Administrative expenses	14	(883,377)	(811,891)
Depreciation and amortization	4,5	(17,476)	(12,911)
Other revenues		845	1,647
<b>Profit for the year before tax</b>		<b>355,240</b>	<b>9,455</b>
Income tax expenses	16	(113,038)	(2,269)
<b>Profit for the year after tax</b>		<b>242,202</b>	<b>7,186</b>
Other Comprehensive Income for the year		-	-
<b>Total Comprehensive Income for the year</b>		<b>242,202</b>	<b>7,186</b>

The accompanying pages from (7) to (24) are an integral part of the financial statements

Chairman of Management Committee

General Manager

Financial Manager

