



شركة الأمل للاستثمارات المالية م.ع

AL-AMAL FINANCIAL INV. CO

No
Date

الرقم
التاريخ
٢٠١٧/٥/١٥

بموجب
٥ / ١٦

٤٤

السادة هيئة الأوراق المالية المحترمين

تحية طيبة وبعد ،

بالإشارة الى كتابكم رقم: س.ب/١٢/١٧٠٠١٧/١٧ بتاريخ 2017/1/25 ارجو التكرم باستلام

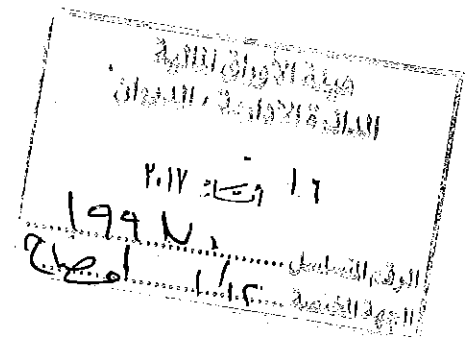
القوائم المالية للسنة المنتهية 2016 والقوائم المالية كما في 2017/3/31 باللغة الانجليزية.

وتفضلوا بقبول فائق الاحترام ،،،

شركة الأمل للاستثمارات المالية

المدير العام

جواد الخاروف



**AL-AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**FINANCIAL STATEMENTS AND INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016**

CERTIFIED PUBLIC ACCOUNTANT'S REPORT

**To the shareholders
Al-Amal Financial Investments Company P.L.C**

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Al-amal Financial Investments Company P.L.C, which comprise of the statement of financial position as of December 31, 2016, and the related statements of income statement, statement of Comprehensive income, Statement of owners' equity and statement of cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of Al-Amal Financial Investments Company P.L.C as of December 31, 2016, and its financial performance and cash flows for the year then ended are in accordance with International Financial Reporting Standards.

Basis for Opinion

We conduct our audit in accordance with International Standards on Auditing, our responsibilities under those standards are further described in Auditor's Responsibilities for the audit of the Financial Statements. We are independent of the company in accordance with International Standard Board Code of Ethics for professional accountants ("the code") and we have fulfilled our other ethical responsibilities in accordance with the code.

We believe that the audit evidence we have obtained are sufficient and appropriate to provide basis for our audit opinion.

Key audit matters

Key audit matters, according to our professional judgment are matters that had the significant importance in our auditing procedures that we performed to the financial statement. The basic auditing matters have been addressed in our auditing workflow to financial standards as we do not express separate opinions.

- Accounts Receivable and Accounts on Margin

In accordance with International Financial Reporting Standards, the Company's management is required to estimate the impairment of receivables and these recoveries are recoverable and determine the adequacy of the allowance for impairment. Due to their importance, they are considered to be an important audit risk.

Key Audit matters procedures

Accounts Receivable and Accounts on Margin

-Our audit procedures include examining, comparing and reviewing the market value of the investment portfolios of the customers compared to the book value of the portfolios. Accordingly, the provision for impairment of JD 125,000 has been increased and we believe that provision is sufficient.

Other information

The management is responsible for other information. Which includes other information reported in the final report, but not included in the financial statements and our audit report on it.

Our opinion does not include these other information, and we do not express any assertion over it.

Regarding our consolidate financial statement we are obliged to review these other information, and while that, we consider the compatibility of these information with their consolidates financial statement. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

Management and individuals responsible of governance about the financial statements

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

In preparing the Financial Statements, the 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 the management either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Individuals responsible of governance are responsible of supervising the preparation of financial statements.

Certified public accountant responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require us to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

As part of an audit in accordance with The 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 initial 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 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 the Management.
- Conclude on the appropriateness of the 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 initial Financial Statements, including the disclosures, and whether the initial Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.
- We communicated with audit committee 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.

Legal requirements report

The Company maintains proper books of accounting records which are in agreement with the accompanying financial statements, and we recommend to approve the financial statements.

Ghosheh & Co.

Sinan Ghosheh
License No.(580)

Amman-Jordan
March 23, 2017

AL-AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	3	Note	2016	2015
ASSETS				
Current assets				
Cash and cash equivalents	4		658,417	1,578,179
Accounts receivable	5		8,384,978	7,140,154
Accounts on margin	6		6,668,327	6,651,581
Financial assets designated at fair value through statement of comprehensive income	7		-	4,346
Prepaid expenses and other receivables	8		93,600	89,240
Total current assets			15,805,322	15,463,500
Non-current assets				
Financial assets designated at fair value through other comprehensive income	9		1,023,431	1,172,706
Property and equipment	10		104,498	25,111
Deferred tax assets	16		336,000	306,000
Total non-current assets			1,463,929	1,503,817
TOTAL ASSETS			17,269,251	16,967,317
LIABILITIES AND OWNERS' EQUITY				
Current liabilities				
Bank overdraft	11		693,393	-
Accounts payable	12		517,546	512,726
Accrued expenses and other liabilities	13		563,969	653,592
Total current liabilities			1,774,908	1,166,318
Owners' equity				
Share capital	1		15,000,000	15,000,000
Statutory reserve	14		1,507,775	1,426,186
Fair value reserve			(2,090,729)	(1,941,454)
Retained earnings			1,077,297	1,316,267
Total owners' equity			15,494,343	15,800,999

TOTAL LIABILITIES AND OWNERS' EQUITY**17,269,251****16,967,317**

The accompanying notes are an integral part of these financial statements

AL-AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INCOME STATEMENT**AS OF DECEMBER 31, 2016****(EXPRESSED IN JORDANIAN DINAR)**

	Note	2016	2015
Revenues:			
Brokerage commissions		564,251	782,860
Margin accounts commissions		231,567	580,988
Realized losses from sell of financial assets designated at fair value through statement of comprehensive income		(315)	(76,031)
Unrealized losses on financial assets designated at fair value through statement of comprehensive income		-	(1,288)
Margin Finance interests and interests revenue		754,862	915,198
Share dividends revenue		138	80,105
Other revenues and expenses		22,415	4,022
Net Revenue		1,572,918	2,285,854
Expenses:			
Salaries, wages and related other		(333,813)	(291,439)
Stock exchange fees		(46,520)	(66,676)
Financial charges		(39,429)	(73,915)
General and administrative expenses	18	(212,271)	(270,463)
Accounts receivable impairment provision	5	(125,000)	(450,000)
Board of Direction remuneration		(33,750)	(33,750)
Total Expenses		(790,783)	(1,186,243)
Income Before Tax		782,135	1,099,611
Income Tax	15	(189,516)	(268,493)
INCOME FOR THE YEAR		592,619	831,118
Earning pershare			
Earning pershare- JD/ share		0,04	0,06
Outstanding weighted average share		15,000,000	15,000,000

The accompanying notes are an integral part of these financial statements

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**AL-AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)**

	2016	2015
Income for the year	592,619	831,118
Other comprehensive income items		
Realized gains from sell of financial assets designated at fair value through statement of other comprehensive income	-	72,206
Total other comprehensive income to be reclassified to retained earnings	592,619	903,324
Change in fair value reserve	(149,275)	(158,148)
Total other comprehensive income for the period	443,344	745,176

The accompanying notes are an integral part of these financial statements

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AL-AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF OWNERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total Owners' equity
Balance at January 1, 2015	15,000,000	1,305,630	(1,783,306)	908,499	15,430,823
Paid dividends	-	-	-	(375,000)	(375,000)
Comprehensive income	-	-	(158,148)	903,324	745,176
Transfer to statutory reserves	-	120,556	-	(120,556)	-
Balance at December 31, 2015	15,000,000	1,426,186	(1,941,454)	1,316,267	15,800,999
Paid dividends	-	-	-	(750,000)	(750,000)
Comprehensive income	-	-	(149,275)	592,619	443,344
Transfer to statutory reserves	-	81,589	-	(81,589)	-
Balance at December 31, 2016	15,000,000	1,507,775	(2,090,729)	1,077,297	15,494,343

The accompanying notes are an integral part of these financial statements

AL-AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	2016	2015
OPERATING ACTIVITIES		
Income before tax	782,135	1,099,611
Adjustments on income before tax		
Depreciation	19,986	7,622
Realized losses from sell of financial assets designated at fair value through statement of comprehensive income	-	1,288
Unrealized losses on financial assets designated at fair value through statement of comprehensive income	315	76,031
Realized Gain from sell of financial assets designated at fair value through statement of other comprehensive income	-	72,206
Accounts receivable impairment provision	125,000	450,000
Financial charges	39,429	73,915
Changes in operating assets and liabilities:		
Accounts receivable	(1,369,824)	(2,000,516)
Accounts on margin	(16,746)	391,079
Change in financial assets designated at fair value through statement of comprehensive income	4,031	1,848,838
Prepaid expenses and other receivables	(4,360)	(284)
Deferred tax assets	(30,000)	(108,000)
Accounts payable	4,820	(349,804)
Accrued expenses and other liabilities	44,152	168,885
Cash (used in)/available from operating activities	(401,062)	1,730,871
Financial charge paid	(39,429)	(73,915)
Paid income tax	(323,291)	(189,912)
Net cash (used in)/ available from operating activities	(763,782)	1,467,044
INVESTING ACTIVITIES		
Change in financial assets designated at fair value through statement of other comprehensive income	-	(187,380)
Change in property and equipment	(99,373)	(12,054)
Net cash (used in) investing activities	(99,373)	(199,434)
FINANCING ACTIVITIES		
Paid dividends	(750,000)	(375,000)
Financing form (Paying to) Banks	693,393	(1,192,042)
Net cash used in financing activities	(56,607)	(1,567,042)
Net change in cash and cash equivalents	(919,762)	(299,432)
Cash and cash equivalents, Januaray 1	1,578,179	1,877,611
Cash and cash equivalents, December 31	658,417	1,578,179

The accompanying notes are an integral part of these financial statements

AL-AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

1. ORGANIZATION AND ACTIVITIES

Al-Amal Financial Investments Company is a Jordanian public shareholding Company ("the Company"), registered on October 17, 2005 under Commercial registration number (370). The Company's share capital is JD 15,000,000 divided into 15,000,000 shares, the par value is one JD per share.

The main activity of the company is the commissioning of a commission broker's business, dealing with securities for its own account, providing financial advice, leasing and mortgage of transferred and untransferred property for the purposes of the company and borrowing from banks, buying, renting, renting, pledging and importing any transferred and untransferred property or any rights or privileges deemed necessary by the company Or suitable for their purposes, including land, buildings, machinery, means of transport or goods, and to establish, assess, act and make the necessary changes in buildings when necessary or appropriate for the purposes and objectives of the company.

The Company's headquarter is in Amman.

2- NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE:-

The following new standards and amendments to the standards have been issued but are not yet effective and the Company intends to adopt these standards, where applicable, when they become effective.

<u>New Standards</u>	<u>Effective Date</u>
(IFRS) No.9 – Financial Instruments	January 1, 2018
(IFRS) No.15 – Revenue from Contract with Customers	January 1, 2018
(IFRS) No.16 – Leases	January 1, 2019

Board of directors of the Company is expected that the application of these standards and interpretations will not have a substantial impact on the company's financial statements.

AL-AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements

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

The Basics of preparation

These financial statements , were presented in Jordanian Dinar as the majority of transactions recorded in Jordanian Dinar.

The financial statements have been prepared on the historical cost basis , However financial assets and financial liabilities are stated at fair value. The following is a summary of significant accounting policies applied by the company as follows :

Financial assets designated at fair value through statement of comprehensive income

Financial assets are classified as at fair value through statement of income when either the financial asset is held for trading or it is designated as at fair value through statement of income .A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through statement of income upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at fair value through statement of income.

Financial assets at fair value through statement of income are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement.

AL-AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Financial assets designated at fair value through statement of other comprehensive income

Specific financial assets at fair value through statement of other comprehensive income are non-derivative financial assets, the purpose of the acquisition is to keep them as available for sale until the date of maturity, not for trading.

Differences in the change in fair value of financial assets specified at fair value through other comprehensive income statement are recorded in other comprehensive income statement.

Financial assets specified at fair value through statement of other comprehensive income that is have a market prices stated at fair value after deducting any accumulated Impairment losses in its fair value.

Financial assets specified at fair value through statement of other comprehensive income that is do not have a market prices and cannot determine the fair value stated at cost and any Decline in its value recorded in other comprehensive income statement.

Profits and losses resulting from differences of foreign currency translation for the debt instruments are recorded within the financial assets specified at fair value through other comprehensive income statement in the statement of other comprehensive income, while differences from foreign currency translation for the debt instruments are recorded in the accumulated change in fair value in owners' equity.

Revenues

Revenue from brokerage commissions is recognized when the service is rendered and the sales and / or purchase invoice is issued to the customer.

Expenses

Expenses are recognized in the statement of comprehensive income in accordance with their nature and consist mainly of the costs incurred on salaries, wages and related expenses, the expenses of the Securities deposit centre, financial expenses and commission paid for the sale of the company's services. Other expenses are classified and reported as administrative and operating expenses

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less and which are not exposed to a significant risk of value change.

Accounts receivable

Accounts receivable are stated at the fair value of the consideration given and are carried at amortized cost after provision for doubtful debts.

Accounts payable and accruals

Accounts payable are recognized against the value of obligation for services or goods received, whether billed or not billed by the supplier.

Financial assets at amortized cost

Financial instruments such as notes receivable, receivables, finance lease payments, bank loans, loans and other securities and expenses due to others are stated at amortized cost using the effective yield method after any impairment loss has been deducted.

AL-AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

The Decline in value of the financial assets

In date of each statement of financial position, values of the financial assets have been reviewed, to determine if there indication to decline in its value

As for the financial assets such as trade accounts receivable and assets was evaluated as individual low-value, where evaluated for the decline in the value on a collective basis. The substantive evidence for decline in portfolio of the accounts receivable includes the past experience about the collection of payments. And the increase in the number of the late payments portfolio (which it's beyond the rate of borrowing) also it includes the significant changes in the international and local economic conditions that are related with non-collection of accounts payable.

The Reduce in the listed value of the financial assets is the amount of loss decline of value directly. And this is for all the financial assets except the trade accounts receivable as the listed value have been reduced by provisions accounts. When is one of the accounts receivables are non-collected then write off the amount of this debt and the equal amount from account of the provisions.

The changes in the listed value for the provisions account are recognized in comprehensive income.

As for the ownership equity tools which are available for sale, decline losses are not closed in the recognized value in the profit and loss statement. However, any increase in the fair value becomes after decline loss has recognized directly in shareholder's equity statement.

De-recognition

The Company cancels the recognition of financial assets only when the contractual rights about receipt of cash flows from the financial assets had ended. Substantially all the risks and benefits of the ownership to another firm. In the case of the company doesn't transfer on retain substantially risks or benefits of the ownership and continue in control of the transferred assets, the company in this case recognize it's share retained in the transferred assets and the related liabilities in the limits of the amounts excepted to be paid . In the other case, when the company retained substantially all risks and benefits of owner ship of the transferred assets, the company will continue to recognize of the financial assets.

The decline in value of the non-current assets

The decline in value of the non-current assets In the date of each balance sheet the company review the listed values for its assets to specify if there is an indication to be decline losses of the value. If there indication to that, the recovery value of the asset will be appreciated to determine the loss of decline in the value if it be. In case, in ability to appreciate the recovery value of specific asset. The Company estimate the recovery value for unit producing of cash that related in the same asset. when there is ability to determine basis of distribution that is fixed and reasonable, the joint assets distribute to units producing of cash that related in the same asset. when there is ability to determine basic of distribution that is fixed and reasonable , the joint assets distribute to specific units producing of cash or it distribute to smallest group from units producing cash that it able to determine basic of distribution fixed and reasonable for it.

The Net realizable value is the fair value of asset minus the cost of sale or used value whichever is higher.

In case, the recovery value (or the unit producing of cash) distribute lower than the listed value, reduce the listed value for asset (or unit producing of cash) to the recovery value. Losses of the decline recognize directly in the income statement except the asset that is reevaluation then record losses of the decline as reduction from re-evaluation provision

AL-AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures on maintenance and repairs are expensed. While expenditures for betterment are capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	Annual depreciation rate
Furniture	10%
Machines and equipment	9-15%
Decorations	20%
Computer programs	25%
Vehicles	15%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and amortization period appropriate with the expected economic benefits of property and equipment.

Impairment test is performed to the value of the property and equipment that appears in the Statement of Financial Position When any events or changes in circumstances shows that this value is non-recoverable.

In case of any indication to the low value, impairment losses are calculated according to the policy of the low value of the assets

At the exclusion of any subsequent property and equipment recognize the value of gains or losses resulting. Which represents the difference between the net proceeds of exclusion and the value of the property and equipment that appears in the Statement of Financial Position. Gross Profit and loss.

Provisions

The provisions had been formed, when the company has a present obligation (legal or expected) from past events which its cost of repayment consider accepted and it has ability to estimate it reliably.

The provision had been measured according to the best expectations of the required alternative to meet the obligation as of the balance sheet date after considering the risks and not assured matters about the obligation. When the provision had been measured with the estimated cash flows to pay the present obligation, then the accounts receivable had been recognized as asset in case of receipt and replacement of the amount is certain and it able to measure the amount reliably.

The use of estimation

The preparation of financial statements and the application of accounting policies required of the Company's management to make estimates that affect the amounts of financial assets and liabilities and disclosure of contingent liabilities, these estimates also affect the revenues, expenses and provisions.

As well as changes in fair value that appears in the owners' equity

In particular, required of the company's management to issue important judgments to estimate the amounts of future cash flows and its times Mentioned that the estimates are shown necessarily on the assumptions and multiple factors have a varying degree of appreciation and uncertainty and that actual result may differ from estimates As a result of changes resulting about the conditions and circumstances of these estimates in the future

Segment reporting

A business is a group of assets and processes that jointly engage in the rendering of products or services that are subject to risks and rewards that differ from those of other business segments and which are measured according to reports used by the executive manager and the chief decision maker.

The geographical segment is associated with the provision of products in a specific economic environment that are subject to risks and rewards that differ from those business segments in economic environments.

AL-AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the statement of financial position only when there are legal rights to offset the recognized amounts, the Company intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Income Tax

The Company is subject to Income Tax Law, its subsequent amendments and the regulations issued by the Income Tax Department in the Hashemite Kingdom of Jordan and provided on accrual basis, Income Tax is computed based on adjusted net income, According to International Accounting Standard No. (12), the Company may have deferred taxable assets resulting from the differences between the accounting value and tax value of the assets and liabilities related to the provisions, these assets are not shown in the periodic financial statements since it's immaterial.

Deferred taxes are the taxes expected to be paid or recovered as a result of temporary differences in the value of assets or liabilities in the financial statements and the amount for which the tax is calculated. Taxes are accounted for using the liability method. Deferred taxes are recognized in accordance with the tax rates expected to be applied when the tax liability is settled or the deferred tax asset is realized.

Leasing

Leasing are classified as capital lease whenever the terms of the transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental payable under operating leases are changed to income on a straight-line basis over the term of the operating lease.

4. CASH AND CASH EQUIVALENTS

	2016	2015
Cash at banks	633,417	1,553,179
Guarantee cash*	25,000	25,000
	<u>658,417</u>	<u>1,578,179</u>

*This account represents the value of the cash contribution paid by the company as a financial intermediary in the ASE to that Guarantee cash in accordance with the Fund's bylaws for the year 2004, which is based on the provisions of Article (90) of the Securities Law No. 76 of 2002 Aims to :-

- (A) Covering the cash deficit of the Fund's buyer's member for securities.
- (B) Cover the deficit in the balance of securities that appears to the member of the fund seller as a result of the circulation of securities in the market.

The Fund shall, at the end of every three months, recalculate the cash contribution amount for each Broker in accordance with the Fund's Bylaws, whereby the difference between the Fund and the Broker shall be settled by either increasing, decreasing or maintaining the Fund's balance as unchanged.

AL-AMAL FINANCIAL INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

5. ACCOUNTS RECEIVABLE

	2016	2015
Account receivables	8,863,708	8,190,141
Due from related parties (Note – 17/B)	921,270	225,013
Accounts receivable impairment provision*	(1,400,000)	(1,275,000)
	8,384,978	7,140,154

*Change in accounts receivable impairment provision, as follow:

	2016	2015
Balance at January 1	1,275,000	825,000
impairment provision for the year	125,000	450,000
Balance at December 31	1,400,000	1,275,000

6. ACCOUNTS ON MARGIN

	2016	2015
Financing receivables on margin	6,046,982	6,031,903
Due from related parties (Note – 17/C)	621,345	619,678
	6,668,327	6,651,581

7. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH STATEMENT OF COMPREHENSIVE INCOME

	2016	2015
Invest in Al-Shamkha for financial and real estate investment (3243 Share :2015)	–	4,346
	–	4,346

8. PREPAID EXPENSES AND OTHER RECEIVABLES

	2016	2015
Prepaid expenses	18,700	19,990
Bank guarantees deposits	66,500	66,500
Refundable deposits	300	300
Employee receivables	8,100	2,450
	93,600	89,240

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**9.FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH STATEMENT OF
OTHER COMPREHENSIVE INCOME**

	2016	2015
Investment in Arab German Insurance Company by 325,000 shares (2015: 325,000 shares)	42,250	42,250
Investment in Med Gulf for Insurance Company by 444,836 shares (2015: 444,836 shares)	427,044	467,078
Investment in Unified Transport and Logistics Company by 30,305 shares (2015: 30,305 shares)	2,425	16,365
Investment in Specialized Investment Compounds Companyby 332,702 shares (2015: 1,058,076 shares)	395,916	296,261
Investment in International Co. For Chemical Industriesby 74,481 shares (2015: 74,481 shares)	47,669	40,220
Investment in Al-Tajamouat Food and Housing Company by 13,000 shares (2015: 13,000 shares)	5,590	5,200
Investment in Al-Dulayl Industrial Real Estate Company by 227,600 shares (2015: 227,600 shares)	102,537	305,332
	1,023,431	1,172,706

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10. PROPERTY AND EQUIPMENT

	January 1	Additions	Disposal	December 31
Cost:				
Furniture	42,525	480	-	43,005
Machines and equipment	70,317	6,036	-	76,353
Decorations	58,461	1,803	-	60,264
Computer programs	22,388	5,054	-	27,442
Vehicles	78,250	86,000	(78,250)	86,000
Total cost	271,941	99,373	(78,250)	293,064
Depreciation:				
Furniture	37,040	1,661	-	38,701
Machines and equipment	59,473	2,688	-	62,161
Decorations	57,998	228	-	58,226
Computer programs	14,069	3,569	-	17,638
Vehicles	78,250	11,840	(78,250)	11,840
Total depreciation	246,830	19,986	(78,250)	188,566
Book value at January 1	25,111			
Book value at December 31				104,498

11. BANK OVERDRAFT

Jordan Commercial Bank

The company obtained facilities from Jordan Commercial Bank with ceiling of 1,000,000 JD, interest rate 8.5% with commission 0.5.

12. ACCOUNTS PAYABLE

	2016	2015
Accounts payable	494,217	506,227
Due to related parties (Note – 17/D & H)	23,329	6,499
	517,546	512,726

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13. ACCRUED EXPENSES AND OTHER LIABILITIES

	2016	2015
Shareholder's profit deposits	164,334	128,664
Returns of underwriting the increase in capital deposits	11,670	12,918
Employees remuneration provision	21,488	41,758
Board of directors remuneration provision	33,750	33,750
Income tax provision (Note -15)	327,854	431,629
Jordanian universities fees	4,873	4,873
	563,969	653,592

14. Statutory reserve

In accordance with the Companies' Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 25% of the capital. However, the Company may, with the approval of the General Assembly continue deducting this annual ratio until this reserve is equal to the subscribed capital of the Company in full. This reserve is not available for dividends distribution.

15. INCOME TAX

The change in income tax provision as December 31 as follows:

	2016	2015
Balance at January 1	431,629	245,048
Paid during the year	(323,291)	(189,912)
Provision for the year*	219,516	376,493
Balance at December 31	327,854	431,629

Income tax appearing in the income statement represents the following:

	2016	2015
Income tax**	189,516	268,493
Income tax for previous years	-	-
	189,516	268,493

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A summary on the adjustment of the accounting profit and the tax profit:

	2016	2015
Profit	782,135	1,099,611
Add: rejected expenses	132,515	549,215
Deduct: untaxable revenues	-	(80,105)
Taxable income	914,650	1,568,721
Income Tax	219,516	376,493
Deferred tax assets (Note-16)	(30,000)	(108,000)
Income tax appearing in the income statement**	189,516	268,493
Legal income tax rate	%24	%24
Actual income tax rate	%28	%34

Income tax was reviewed until 2014 by the Income and Sales Tax Department and for the year 2015, was submitted and not reviewed by the Department Until the date of preparing the financial statements of the company.

16. DEFERRED TAX ASSETS

This item represents the deferred tax amount of the provision for impairment in receivables and details as follows:

Accounts included	2016			2015	
	Balance of beginning of period for the year	Amounts Additive	End of period balance	Deferred tax	Deferred tax
Accounts receivable impairment provision	1,275,000	125,000	1,400,000	30,000	108,000
Total	1,275,000	125,000	1,400,000	30,000	108,000

Change in deferred tax assets accounts as follow:

	2016			2015	
	Assets	Liabilities		Assets	Liabilities
Balance at January 1	306,000	-		198,000	-
Additive	30,000	-		108,000	-
Balance at December 31	336,000	-		306,000	-

* Deferred tax is calculated at 24% on various provisions, and in the opinion of management, these amounts are recoverable in the future.

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17. RELATED PARTIES TRANSACTIONS

(A) The Company has made transactions with the following related party:(A)

NAME	RELATIONSHIP
Mr.Raed Abed Al Rahman Al Kaluti	Chief Executive manager
Mr. Jawad Adnan Al Kharouf	Member of the Board of Directors& General manager
Mr. Amer Ibrahim Mu'asher	Member of the Board of Directors
Mr. Fadel Jaseem Al Dabas	Chief Executive manager (Former)
Mr.Othman Mohammad Ali Bdeer	Chief Executive manager (Former)
Bostan Agricultural Co.	Member of the Board of Directors (Former)
Al Samed Multiple industries	Member of the Board of Directors (Former)

- Total volume of trading and commissions of the relevant parties dealt with during the year:

	2016	2015
Total of volume of trading	15,933,538	89,865,301
Total of commissions	65,238	352,863

(B) Due from related parties as at December 31 as follows (Note –5):-

	2016	2015
Mr. Fadel Jaseem Al Dabas	921,270	374
Al Samed Multiple industries	-	224,639
	921,270	225,013

(C) Due from related parties for financing on margin as at December 31 as follows (Note –6):-

	2016	2015
Mr. Jawad Adnan Al Kharouf	81,199	54,614
Mr. Fadel Jaseem Al Dabas	72,325	565,064
Mr. Amer Ibrahim Mu'asher	467,821	-
	621,345	619,678

(D) Due to related parties as at December 31 as follows (Note –12):-

	2016	2015
Mr.Raed Abed Al Rahman Al Kaluti	6,475	6,306
Bostan Agricultural Co.	16,367	-
Mr.Othman Mohammad Ali Bdeer	-	193
	22,842	6,499

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(H) Due to related parties for financing on margin as at December 31 as follows (Note –12):-

	2016	2015
Mr.Raed Abed Al Rahman Al Kaluti	487	-
	487	-

- During the year, the Company recorded the following bonuses, remuneration and benefits for the members of the Board of Directors:

	2016	2015
Members of the Board of Directors remuneration	33,750	33,750
Transportations Claims for Members of the Board of Directors	16,200	18,600

- During the year, the Company recorded the following salaries and bonuses for the members of the executive management:

	2016	2015
Executive Management Salaries and Remuneration	203,120	186,592

18. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Transportations for Members of the Board of Directors	16,200	18,600
Electricity ,water, telephone	12,629	12,165
Maintenance	9,158	7,056
Rent	44,567	44,181
Stationary and printing	2,690	3,658
Donations	250	3,150
Depreciations	19,986	7,622
Health insurance	21,814	21,345
License fees and subscriptions	2,217	3,493
Professional fees and consultancies	36,800	36,400
Fuels	4,676	5,775
Government fees	-	11,800
Employees remuneration	23,938	48,508
Advertising	1,762	8,110
Hospitality	2,621	2,112
Benefits of Tax Installment	7,515	6,754
Travel expenses	931	2,939
Other expenses	4,517	26,795
	212,271	270,463

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19. FINANCIAL INSTRUMENTS

The Fair Value

The fair value of financial assets and financial liabilities include financial assets; cash and cash equivalents, checks under collection, receivables, securities, and include financial liabilities; accounts payable, credit facilities, loans, credits and other financial liabilities.

First level: The market prices stated in active markets for the same financial instruments.

Second Level: Assessment methods depend on the input affect the fair value and can be observed directly or indirectly in the market.

Third Level: Valuation techniques based on inputs affect the fair value cannot be observed directly or indirectly in the market.

<u>December 31, 2016</u>	<u>level one</u>	<u>Second Level</u>	<u>Third level</u>	<u>Total</u>
Financial assets designated at fair value through statement of comprehensive income	-	-	-	-
Financial assets designated at fair value through statement of other comprehensive income	1,023,431	-	-	1,023,431
	<u>1,023,431</u>	<u>-</u>	<u>-</u>	<u>1,023,431</u>
<u>December 31, 2015</u>	<u>level one</u>	<u>Second Level</u>	<u>Third level</u>	<u>Total</u>
Financial assets designated at fair value through statement of comprehensive income	4,346	-	-	4,346
Financial assets designated at fair value through statement of other comprehensive income	1,172,706	-	-	1,172,706
	<u>1,177,052</u>	<u>-</u>	<u>-</u>	<u>1,177,052</u>

The value set out in the third level reflect the cost of buying these assets rather than its fair value due to the lack of an active market for them, this is the opinion of Directors that the purchase cost is the most convenient way to measure the fair value of these assets and that there was no impairment.

Management of share capital risks

The Company manages its capital to make sure that the Company will continue when it takes the highest return by the best limit for debts and owners equity balances. The Company's strategy doesn't change from 2015.

Structuring of Company's capital includes debt which includes borrowing, and the owners' equity in the Company which includes share capital, statutory reserve, partners' current account and accumulated losses as it listed in the changes in owners' equity statement.

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The debt rate

The board of directors is reviewing the share capital structure periodically, as a part of this reviewing, the board of directors consider the cost of share capital and the risks that is related in each faction from capital and debt factions. The Company capital structure includes debts from borrowing. The Company's doesn't determine the highest limit of the debt rate during 2017.

The management of the financial risks

The Company's activities might be exposing mainly to the followed financial risks:

Management of the foreign currencies risks

The company is not exposed to significant risks related to foreign currency price changes, so there is no need to effective management for this exposure.

Interest rate risk

The Company is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, interest bearing loans and borrowings).

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the Company's profit for one year, and it is calculated based on the financial liabilities which carry variable interest rates at the end of the year.

Other price risk

The Company exposes to price risks resulting from its investments in owners' equity to other companies. The Company keeps investments in other company's owner's equity for strategic purposes and not for trading purposes.

The Company has no trading activity in those investments.

Equity price sensitivity analysis

The sensitivity analysis below is based on the extent to which the Company is exposed to equity price risk on equity of other companies as at the reporting date.

If the equity prices of other companies are higher / lower by 5%: -

- The Company's equity reserves have been higher / lower by JD 51,172 (2015: higher / lower at JD 58,635) as a result of the Company's portfolio classified as financial assets at fair value through other comprehensive income.

Credit risk management

The credit risks represent in one part of the financial instruments contracts has not obligated to pay the contractual obligations and cause of that the Company is exposing financial losses, However, there are no any contracts with any other parts so the Company doesn't expose to different types of the credit risks, The significant credit exposed for any parts or group of parts that have a similar specification have been disclosed in note No.17. The Company classified the parts which have similar specifications as a related parties. Except the amounts which are related in the cash money. The credits risks that are resulting from the cash money are specific because the parts that are dealing with it are local banks have good reputations and have been controlled from control parties.

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Liquidity risk

Are the risks of inability to pay the financial obligations that were settled by receiving cash or another financial assets.

Liquidity risk management by control on cash flows and comparing them with maturities of assets and financial liabilities.

The following table represents the contractual eligibilities to non-derivative financial liabilities.

The table has prepared on the non-deducted cash flows for the financial liabilities basis according to the early due dates that may required from the Company to pay or receive.

The table below contains cash flows for major amounts and interests.

	Interest rate	Year or less	More than a year	Total
December 31, 2016				
Instruments without interest	-	1,081,515	-	1,081,515
Instruments with interest	%8,5	693,393	-	693,393
Total		1,774,908	-	1,774,908
December 31, 2015				
Instruments without interest	-	1,166,318	-	1,166,318
Instruments with interest	-	-	-	-
Total		1,166,318	-	1,166,318

20. CONTINGENCIES

As of December 31, the Company has the following contingencies:

	2016	2015
Banks deposits	593,000	593,000
Guarantee deposits	66,500	66,500

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21. SECTORIAL INFORMATION

2016	Financial Brokerage Sector	Financial Brokerage Sector	Total
Net income of the sector	1,573,095	(177)	1,572,918
Net expenses of the sector	(980,299)	-	(980,299)
Profit / (loss) of the segment	592,796	(177)	592,619
Segment assets	16,245,820	1,023,431	17,269,251
Segment liabilities	1,774,908	-	1,774,908

2015	Financial Brokerage Sector	Financial Brokerage Sector	Total
Net income of the sector	2,283,068	74,992	2,358,060
Net expenses of the sector	(1,454,736)	-	(1,454,736)
Profit of the segment	828,332	74,992	903,324
Segment assets	15,790,265	1,177,052	16,967,317
Segment liabilities	1,166,318	-	1,166,318

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Directors and authorized for issuance on March 23, 2017.