

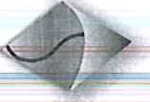
شركة شيركو للأوراق المالية
SHARECO BROKERAGE COMPANY



نموذج رقم (2-1)

Form No. (1-2)

شركة شيركو للأوراق المالية
SHARECO-BROKERAGE COMPANY



To: Jordan Securities Commission
Amman Stock Exchange

Date: 29/3/2018

Subject: Audited Financial Statements for the
fiscal year ended 31/12/2017

Attached the Audited Financial Statements of
(Shareco Brokerage company) for the fiscal year
ended 31/12/2017

Kindly accept our highly appreciation and
respect

Company's Name: Shareco Brokerage company

General Manager's Signature

Marwan Dahabra

السادة هيئة الأوراق المالية

السادة بورصة عمان

التاريخ: 29/3/2018

الموضوع: البيانات المالية السنوية المدققة للسنة
المنتهية في 2017/12/31

مرفق طيه نسخة من البيانات المالية المدققة لشركة
(شيركو للأوراق المالية) عن السنة المالية المنتهية في
2017/12/31

وتفضلوا بقبول فائق الاحترام...

اسم الشركة: شيركو للأوراق المالية

توقيع المدير العام

مروان دحابر



شركة شيركو للأوراق المالية
SHARECO BROKERAGE COMPANY

هيئة الأوراق المالية
الدائرة الإدارية / الدخان

٢٠١٨ نيسان

الرقم التسلسلي
الجهة المختصة

**Shareco Brokerage Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan**

**Financial Statements And
Independent Auditor's Report
For The Year Ended December 31, 2017**

Shareco Brokerage Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

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Independent Auditor's Report

To Messrs. Shareholders
Shareco Brokerage Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

We have audited the financial statements of Shareco Brokerage Company (Public Shareholding Company), which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Adequacy of provision doubtful trade receivables

The balance of brokerage customer receivables amounting to JD 8,576,025 as of December 31, 2017 and the company's management estimated the doubtful provision for an amount of JD 7,293,773 as of December 31, 2017.

Scope of audit

Audit procedures included verifying the control procedures used by management on the collection process of receivables, and also we reviewed aging of trade receivables in addition to subsequent collections, guaranteed obtained against the receivables, and examined the sufficiency of the provision provided for the receivables through evaluating management hypotheses.

We evaluated the adequacy of the company's for disclosures about significant estimates made for providing the doubtful provision.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management 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 International Financial Reporting Standard, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' 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 auditors' 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 International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standard 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company has proper accounting records which are, in all material respects, consistent with the accompanying financial statements, accordingly, we recommend to approve these financial statements by the general assembly.



Talal Abu-Ghazaleh & Co. International

Mohammad Alazraq
(License # 1000)

Amman -March 22, 2018

Shareco Brokerage Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Statement of financial position as at December 31, 2017

| | Note | 2017 | 2016 |
|---|------|------------------|------------------|
| | | JD | JD |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 3 | 244,130 | 493,824 |
| Brokerage customer receivables | 4 | 1,282,252 | 1,117,351 |
| Other debit balances | 5 | 732,008 | 838,489 |
| Total Current Assets | | 2,258,390 | 2,449,664 |
| Non-current Assets | | | |
| Intangible assets | 6 | 111 | 209 |
| Investments property | 7 | 3,333,245 | 2,392,810 |
| Property and equipment | 8 | 171,480 | 176,219 |
| Total current asset | | 3,504,836 | 2,569,238 |
| Total Assets | | 5,763,226 | 5,018,902 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities | | | |
| Trade payables | | 143,539 | 202,957 |
| Other credit balances | 9 | 76,011 | 173,662 |
| Contingents legal liabilities provision | 13 | 102,281 | 102,281 |
| Total Liabilities | | 321,831 | 478,900 |
| Equity | | | |
| Capital | 1 | 9,000,000 | 9,000,000 |
| Statutory reserve | | 575,285 | 485,146 |
| Voluntary reserve | | 220,393 | 220,393 |
| Accumulated losses | | (4,354,283) | (5,165,537) |
| Net equity | | 5,441,395 | 4,540,002 |
| Total Liabilities and Equity | | 5,763,226 | 5,018,902 |

Shareco Brokerage Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Statement of comprehensive income for the year ended December 31, 2017

| | Notes | 2017 | 2016 |
|--------------------------------|-------|-----------|-----------|
| | | JD | JD |
| Net of brokerage commissions | | 185,201 | 282,724 |
| Other revenue | 10 | 946,476 | 16,510 |
| Investment property rent, net | 11 | 56,035 | 84,765 |
| Marketing expenses | | (8,705) | (64,201) |
| Administrative expenses | 12 | (230,866) | (229,331) |
| Lawyer fees and legal cases | | (46,748) | (22,828) |
| Profit | | 901,393 | 67,639 |
| Earnings per share from profit | 14 | JD _/100 | JD _/008 |

Shareco Brokerage Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Statement of changes in equity for the year ended December 31, 2017

| | Capital | Statutory reserve | Voluntary reserve | Accumulated losses | Total |
|---------------------------------|-----------|-------------------|-------------------|--------------------|-----------|
| | JD | JD | JD | JD | JD |
| Balance as at January 1, 2017 | 9,000,000 | 478,382 | 220,393 | (5,226,412) | 4,472,363 |
| Profit | - | - | - | 67,639 | 67,639 |
| Statutory reserve | - | 6,764 | - | (6,764) | - |
| Balance as at December 31, 2016 | 9,000,000 | 485,146 | 220,393 | (5,165,537) | 4,540,002 |
| Profit | - | - | - | 901,393 | 901,393 |
| Statutory reserve | - | 90,139 | - | (90,139) | - |
| Balance as at December 31, 2017 | 9,000,000 | 575,285 | 220,393 | (4,354,283) | 5,441,395 |

Shareco Brokerage Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Statement of cash flows for the year ended December 31, 2017

| | 2017 | 2016 |
|---|-----------|-----------|
| | JD | JD |
| Cash flows from operating activities | | |
| Profit | 901,393 | 67,639 |
| Adjustments for : | | |
| Depreciation and amortization | 24,923 | 27,093 |
| Investment property rent, net | (56,035) | (84,765) |
| Recovery of provision | (918,031) | - |
| Changes in operating assets and liabilities: | | |
| Brokerage customer receivables | (154,901) | (642,403) |
| Other debit balances | 106,481 | (50,587) |
| Trade payables | (59,418) | (202,539) |
| Other credit balances | (97,651) | 47,300 |
| | (253,239) | (838,262) |
| Contingents legal liabilities provision paid | - | (63,241) |
| Net cash from operating activities | (253,239) | (901,503) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment property rent, net | 56,035 | 84,765 |
| Purchase of investments property | (52,490) | - |
| Purchase of property and equipment | - | (249) |
| Net cash from investing activities | 3,545 | 84,516 |
| Net change in cash and cash equivalents | (249,694) | (816,987) |
| Cash and cash equivalents- beginning of year | 493,824 | 1,310,811 |
| Cash and cash equivalents- end of year | 244,130 | 493,824 |
| Information about non-cash transaction | | |
| Ownership of land against collecting doubtful receivables | 908,031 | - |

Notes to the interim condensed financial statements

1. General

- Shareco brokerage Company was established on January 19, 2016 and registered as a public shareholding company in the companies control department at the Ministry of Industry and Trade under the number (382).
- The main activities of the Company are:
 - Commission broker
 - Purchase and sale of shares, bonds and securities.
- The financial statement have been approved by board of directors in their meeting No. (2/2018) held on March 22, 2018, and it require the approval of the General Assembly.

2. Financial statements preparation framework Significant accounting policies

- Financial statements preparation framework

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

- Measurement bases used in preparing the financial statements

The financial statements have been prepared on the historical cost basis except for measurement of certain items at bases other than historical cost.

- Functional and presentation currency

The financial statements have been presented in the Jordanian dinar (JD) which is the functional currency of the entity.

- Using of estimates

- When preparing of financial statements, management uses judgments, assessments and assumptions that affect applying the accounting policies and carrying amounts of assets, liabilities, revenue and expenses. Actual result may differ from these estimates.
- Change in estimates shall be recognized in the period of the change, and future periods if the change affects them.
- For example, estimates may be required for doubtful and bad debts, inventory obsolescence, useful lives of depreciable assets, provisions, any legal cases against the entity.

- Financial instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

- Financial assets

- A financial asset is any asset that is:
 - (a) Cash;
 - (b) An equity instrument of another entity;
 - (c) A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.
 - (d) A contract that will or may be settled in the entity's own equity instruments.

- Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.
- All recognized financial assets are subsequently measured either at amortized cost or fair value, on the basis of both:
 - (a) The entity's business model for managing the financial assets, and
 - (b) The contractual cash flow characteristics of the financial assets.
- A financial asset is measured at amortized cost if both of the following conditions are met:
 - (a) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
 - (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- All other financial assets are subsequently measured at fair value.
- A gain or loss on a financial asset that is measured of fair value and is not part of a hedging relationship is recognized in profit or loss unless the financial asset is an investment in an equity instrument and the entity has elected to present gains and losses on that investment in other comprehensive income.

Cash and cash equivalents

- Cash comprises cash on hand, current accounts and demand deposits with banks.
- Cash equivalents are short- term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade receivables

- Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Trade receivables are stated at invoices (claims) amount net of allowance for doubtful receivables which represents the collective impairment of receivables.

- Impairment of financial assets

- Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at the end of each period.
- For financial assets carried at amortized cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. Impairment loss is recognized in the losses.

- Financial liabilities

- A financial liability is any liability that is:
 - (a) A contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
 - (b) A contract that will or may be settled in the entity's own equity instruments.
- Financial liabilities are initially recognized at fair value plus transaction costs, directly attributable to the acquisition or issue of those liabilities, except for the financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.
- After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss which are measured at fair value and other determined financial liabilities which are not measured under amortized cost method.
- Financial liabilities at fair value through profit or loss are stated at fair value, with any resulting gain or loss from change in fair value is recognized through profit or loss.

- Trade payables and accruals

Trade payables and accruals are liabilities to pay for goods or services that have been received or supplied and have been either invoiced or formally agreed with the suppliers or not.

- Investment property

- Investment property is property (land or building- or part of a building- or both):
 - Held by the entity to earn rentals,
 - For capital appreciation, or both, rather than for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.
- Investment property is measured initially at its cost, including transaction costs.
- After initial recognition, investment property is carried, in the statement of financial position, at its cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.
- Buildings depreciation charge for each period is recognized in the statement of comprehensive income. Depreciation is calculated on a straight line basis, which reflects the pattern in which the buildings' future economic benefits are expected to be consumed by the entity over their estimated useful life of 25 years.
- The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
- The carrying values of investments property are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
- On the subsequent derecognition (sale or retirement) of the investment property, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

- Property plant and equipment

- Property and equipment are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.
- After initial recognition, the property and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.
- The depreciation charge for each period is recognized as expense. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed over the estimated useful life of the assets using the following rates:

| Category | Depreciation rate |
|---------------------------------|----------------------|
| | % |
| Building | 2 |
| Furniture and decorations | 10-15 |
| Electrical and office equipment | 10-15 |
| Vehicles | 15 |
| Computers | 15 |

- The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
- The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
- On the subsequent derecognition (sale or retirement) of the property and equipment, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

- **Intangible assets**

- Intangible assets are identifiable non-monetary assets without physical substance.
- Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses.
- Acquisition costs comprise the purchase price and other costs directly attributable to preparing the assets for their intended use.
- Amortization charge is recognized as loss, and is calculated on a straight-line basis over 3- 5 years useful lives of intangible assets.
- The estimated useful lives are reviewed at each financial year-end, with the effect of any changes in estimate being accounted for on a prospective basis.
- The carrying values of intangible assets are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairment loss is calculated in accordance with impairment of assets policy.

- **Impairment of assets**

- At each statement of financial position date, management reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired.
- If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset.
- An impairment loss is recognized immediately as loss.
- Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately as income.

- **Provisions**

- Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date.
- Provisions reviewed and adjusted at each statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income.

- **Statutory reserve**

Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals one quarter of the Company's subscribed capital. However, the Company may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full. Such reserve is not available for dividends distribution.

- Voluntary reserve

This reserve is determined in accordance with the Jordanian Companies Law by allocating not more than 20% annually of the profit to this reserve.

- Earnings per share

Basic earnings per share is calculated by dividing profit or loss, attributable to ordinary shareholders, by the weighted average number of ordinary shares outstanding during the year.

- Revenue recognition

- Revenue is measured at the fair value of the consideration received or receivable.

- Rendering of services

- Revenue from a contract to provide services is recognized by reference to the stage of completion of the transaction at the statement of financial position date.

- The outcome of the transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits will flow to the entity.
- The stage of completion at the statement of financial position date can be measured reliably.
- The costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

- Leases - entity is a lessor

Lease income from operating lease is recognized in income on a straight-line basis over the term of the relevant lease. Initial direct costs incurred by the entity in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Assets leased under operating leases are depreciated based on the same depreciation policy adopted by the entity for similar assets.

- Foreign currencies

- In preparing the financial statements, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement date (closing rate). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

- Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognized in profit or loss in the period in which they arise.

- Contingent liabilities

- Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably.

- Contingent liabilities are not recognized in the financial statements.

3. Cash and cash equivalents

| | 2017 | 2016 |
|---------------------------|----------------|----------------|
| | JD | JD |
| Current accounts at banks | 236,893 | 474,881 |
| Cash on hand | 7,237 | 18,943 |
| Total | 244,130 | 493,824 |

4. Brokerage customer receivables

| | 2017 | 2016 |
|--|------------------|------------------|
| | JD | JD |
| Brokerage customer receivables - doubtful (old) | 6,861,244 | 7,874,892 |
| Less: allowance for doubtful receivables - old (*) | (6,846,939) | (7,848,000) |
| Net | 14,305 | 26,892 |
| Brokerage customer receivables | 1,714,781 | 1,454,263 |
| Less: allowance for doubtful receivables (*) | (446,834) | (363,804) |
| Net | 1,282,252 | 1,117,351 |

(*) Allowance for doubtful receivables movement during the year was as follows:

| | 2017 | 2016 |
|----------------------------------|------------------|------------------|
| | JD | JD |
| Balance at beginning of the year | 8,211,804 | 8,211,804 |
| Recovery of provision | (918,031) | - |
| Balance at end of year | 7,293,773 | 8,211,804 |

(*) On March 20, 2010, a memorandum of understanding was signed between a former Chairman of the Board of Directors, and former and current Board members and one of the shareholder; and it was agreed on the following:

- The Vice General Manager and the former member of the Board of Directors shall register the Commercial Complex to the name of the Company - Shareco - within ten days and obtain the registration certificate in the name of the Company provided that the Company shall pay all fees related to complete the registration process.
- The Chairman of the Board of Directors and the former General Manager undertake to provide a personal real estate mortgage in value of JD 4 million in benefit for the company in order to guarantee the debt, as per the decision of the committee composed from next board of directors, these debts were a result from general manager's personal error or an acts outside his powers as general manager of the company that were not at all for interest of the company and in whatever the value of debt, It is worth to mention that a real estate mortgage bond was submitted in the amount of JD 4 million on 29 March, 2010 and it is due on 28 March 2015.

- The former General Manager committed to pay fully the amount of the debts determined by committee, the mortgage will be released after full payment of debt amounts. The Company has the right to take all legal actions toward collection debts, in the event of collections either wholly or partially of the mentioned debts; these collections shall be refunded to the former Chairman of the Board of Directors and the former General Manager after deduction all legal fees and expenses related to legal cases.
- Upon execution of all terms mentioned above, one of the shareholders (the current Chairman of the Board) is obliged to drop all legal cases against the Board of Directors and against the Company, whether those cases are filed with the courts or with any other party.
- All parties related to this memorandum shall be committed for full cooperation with the company to be re listed in Amman Stock exchange and do all efforts for company to succeed and to be one of the competitive brokerage companies.
- The Board of Directors appointed a collection committee in its decision No. 43/2010 dated July 10, 2010, which started its work and made reports on some of those debts, Those reports states that those debts were as result of administrative and legal violations of the former management and it were submitted to the current Board of Directors which affirm these debts resulted from violations of former management.
- On July 6, 2010, the Board of Directors transferred the ownership of the plots of land and the Commercial Complex to the Company's name.
- As a result the former General Manager of not complying to settle the debts which approved by the collection committee as these debts resulted from his personal error and acts beyond his powers, the company took legal actions in front of the courts and the related authorities against the former general manager and against brokerage doubtful receivables. As well as the company started taking the necessary actions related to execute the real estate mortgage bond which was due on March 28, 2015 and there was public auction for all plots of land included in the mortgage bond, and all shares of Mr. Ibrahim Al-Daoud of plots of land which included in the mortgage deed were transferred to Sherco Brokerage Company on April 17, 2017 at a value of JD 908.031 based on a decision issued by the Chamber of Execution of the Court of (Northern Amman). Accordingly, the Company's management decided to recover partially of the provision for doubtful debts with the value of the plots of land that was acquisitioned by the company.

5. Other debit balances

| | 2017 | 2016 |
|---|----------------|----------------|
| | JD | JD |
| Deposit | 512,136 | 739,840 |
| Trading settlement | 114,394 | - |
| Cash contribution - Settlement Guarantee Fund | 69,000 | 69,000 |
| Prepaid expenses | 16,785 | 15,345 |
| Prepaid to a supplier | 10,982 | 10,982 |
| Other | 5,946 | - |
| Petty cash | 1,322 | 3,242 |
| Income tax deposit | 1,078 | - |
| Employees receivable | 365 | 80 |
| Total | 732,008 | 838,489 |

6. Intangible assets

| 2017 | Software |
|---------------------------------|----------|
| | JD |
| Cost | |
| Beginning of year balance | 145,851 |
| End of year balance | 145,851 |
| Accumulated Amortization | |
| Beginning of year balance | 145,642 |
| Amortization | 98 |
| End of year balance | 145,740 |
| Net Book Value | 111 |
| 2016 | |
| Cost | |
| Beginning of year balance | 145,851 |
| End of year balance | 145,851 |
| Accumulated Amortization | |
| Beginning of year balance | 145,395 |
| Amortization | 247 |
| End of year balance | 145,642 |
| Net Book Value | 209 |

7. Investments property

| | Lands | Building | Total |
|---------------------------------|-----------|-----------|-----------|
| 2017 | JD | JD | JD |
| <u>Cost</u> | | | |
| Beginning of year balance | 1,528,955 | 1,004,261 | 2,533,216 |
| Addition | 960,521 | - | 960,521 |
| End of year balance | 2,489,476 | 1,004,261 | 3,493,737 |
| <u>Accumulated depreciation</u> | | | |
| Beginning of year balance | - | 140,406 | 140,406 |
| Depreciation | - | 20,086 | 20,086 |
| End of year balance | - | 160,492 | 160,492 |
| <u>Net Book Value</u> | 2,489,476 | 843,769 | 3,333,245 |
| 2016 | | | |
| <u>Cost</u> | | | |
| Beginning of year balance | 1,528,955 | 1,004,261 | 2,533,216 |
| End of year balance | 1,528,955 | 1,004,261 | 2,533,216 |
| <u>Accumulated depreciation</u> | | | |
| Beginning of year balance | - | 120,320 | 120,320 |
| Depreciation | - | 20,086 | 20,086 |
| End of year balance | - | 140,406 | 140,406 |
| <u>Net Book Value</u> | 1,528,955 | 863,855 | 2,392,810 |

- The investment part of the building represent 85.4% of the building value which are build in land No. (672) basin No. (12) on Northern Al-Waibdeh in Shmaisany.
- The average total fair value of the land and the building in accordance with Amjad Hadad engineering office amounting to JD 2,533,216 (and its book value amounting to JD 2,533,216).

8. Property and equipment

| | 2017 | | 2016 | | 2015 | | 2014 | | 2013 | | 2012 | | 2011 | | 2010 | | 2009 | | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | | 2002 | | 2001 | | 2000 | | 1999 | | 1998 | | 1997 | | 1996 | | 1995 | | 1994 | | 1993 | | 1992 | | 1991 | | 1990 | | 1989 | | 1988 | | 1987 | | 1986 | | 1985 | | 1984 | | 1983 | | 1982 | | 1981 | | 1980 | | 1979 | | 1978 | | 1977 | | 1976 | | 1975 | | 1974 | | 1973 | | 1972 | | 1971 | | 1970 | | 1969 | | 1968 | | 1967 | | 1966 | | 1965 | | 1964 | | 1963 | | 1962 | | 1961 | | 1960 | | 1959 | | 1958 | | 1957 | | 1956 | | 1955 | | 1954 | | 1953 | | 1952 | | 1951 | | 1950 | | 1949 | | 1948 | | 1947 | | 1946 | | 1945 | | 1944 | | 1943 | | 1942 | | 1941 | | 1940 | | 1939 | | 1938 | | 1937 | | 1936 | | 1935 | | 1934 | | 1933 | | 1932 | | 1931 | | 1930 | | 1929 | | 1928 | | 1927 | | 1926 | | 1925 | | 1924 | | 1923 | | 1922 | | 1921 | | 1920 | | 1919 | | 1918 | | 1917 | | 1916 | | 1915 | | 1914 | | 1913 | | 1912 | | 1911 | | 1910 | | 1909 | | 1908 | | 1907 | | 1906 | | 1905 | | 1904 | | 1903 | | 1902 | | 1901 | | 1899 | | 1898 | | 1897 | | 1896 | | 1895 | | 1894 | | 1893 | | 1892 | | 1891 | | 1890 | | 1889 | | 1888 | | 1887 | | 1886 | | 1885 | | 1884 | | 1883 | | 1882 | | 1881 | | 1880 | | 1879 | | 1878 | | 1877 | | 1876 | | 1875 | | 1874 | | 1873 | | 1872 | | 1871 | | 1870 | | 1869 | | 1868 | | 1867 | | 1866 | | 1865 | | 1864 | | 1863 | | 1862 | | 1861 | | 1860 | | 1859 | | 1858 | | 1857 | | 1856 | | 1855 | | 1854 | | 1853 | | 1852 | | 1851 | | 1850 | | 1849 | | 1848 | | 1847 | | 1846 | | 1845 | | 1844 | | 1843 | | 1842 | | 1841 | | 1840 | | 1839 | | 1838 | | 1837 | | 1836 | | 1835 | | 1834 | | 1833 | | 1832 | | 1831 | | 1830 | | 1829 | | 1828 | | 1827 | | 1826 | | 1825 | | 1824 | | 1823 | | 1822 | | 1821 | | 1820 | | 1819 | | 1818 | | 1817 | | 1816 | | 1815 | | 1814 | | 1813 | | 1812 | | 1811 | | 1810 | | 1809 | | 1808 | | 1807 | | 1806 | | 1805 | | 1804 | | 1803 | | 1802 | | 1801 | | 1799 | | 1798 | | 1797 | | 1796 | | 1795 | | 1794 | | 1793 | | 1792 | | 1791 | | 1790 | | 1789 | | 1788 | | 1787 | | 1786 | | 1785 | | 1784 | | 1783 | | 1782 | | 1781 | | 1780 | | 1779 | | 1778 | | 1777 | | 1776 | | 1775 | | 1774 | | 1773 | | 1772 | | 1771 | | 1770 | | 1769 | | 1768 | | 1767 | | 1766 | | 1765 | | 1764 | | 1763 | | 1762 | | 1761 | | 1760 | | 1759 | | 1758 | | 1757 | | 1756 | | 1755 | | 1754 | | 1753 | | 1752 | | 1751 | | 1750 | | 1749 | | 1748 | | 1747 | | 1746 | | 1745 | | 1744 | | 1743 | | 1742 | | 1741 | | 1740 | | 1739 | | 1738 | | 1737 | | 1736 | | 1735 | | 1734 | | 1733 | | 1732 | | 1731 | | 1730 | | 1729 | | 1728 | | 1727 | | 1726 | | 1725 | | 1724 | | 1723 | | 1722 | | 1721 | | 1720 | | 1719 | | 1718 | | 1717 | | 1716 | | 1715 | | 1714 | | 1713 | | 1712 | | 1711 | | 1710 | | 1709 | | 1708 | | 1707 | | 1706 | | 1705 | | 1704 | | 1703 | | 1702 | | 1701 | | 1699 | | 1698 | | 1697 | | 1696 | | 1695 | | 1694 | | 1693 | | 1692 | | 1691 | | 1690 | | 1689 | | 1688 | | 1687 | | 1686 | | 1685 | | 1684 | | 1683 | | 1682 | | 1681 | | 1680 | | 1679 | | 1678 | | 1677 | | 1676 | | 1675 | | 1674 | | 1673 | | 1672 | | 1671 | | 1670 | | 1669 | | 1668 | | 1667 | | 1666 | | 1665 | | 1664 | | 1663 | | 1662 | | 1661 | | 1660 | | 1659 | | 1658 | | 1657 | | 1656 | | 1655 | | 1654 | | 1653 | | 1652 | | 1651 | | 1650 | | 1649 | | 1648 | | 1647 | | 1646 | | 1645 | | 1644 | | 1643 | | 1642 | | 1641 | | 1640 | | 1639 | | 1638 | | 1637 | | 1636 | | 1635 | | 1634 | | 1633 | | 1632 | | 1631 | | 1630 | | 1629 | | 1628 | | 1627 | | 1626 | | 1625 | | 1624 | | 1623 | | 1622 | | 1621 | | 1620 | | 1619 | | 1618 | | 1617 | | 1616 | | 1615 | | 1614 | | 1613 | | 1612 | | 1611 | | 1610 | | 1609 | | 1608 | | 1607 | | 1606 | | 1605 | | 1604 | | 1603 | | 1602 | | 1601 | | 1599 | | 1598 | | 1597 | | 1596 | | 1595 | | 1594 | | 1593 | | 1592 | | 1591 | | 1590 | | 1589 | | 1588 | | 1587 | | 1586 | | 1585 | | 1584 | | 1583 | | 1582 | | 1581 | | 1580 | | 1579 | | 1578 | | 1577 | | 1576 | | 1575 | | 1574 | | 1573 | | 1572 | | 1571 | | 1570 | | 1569 | | 1568 | | 1567 | | 1566 | | 1565 | | 1564 | | 1563 | | 1562 | | 1561 | | 1560 | | 1559 | | 1558 | | 1557 | | 1556 | | 1555 | | 1554 | | 1553 | | 1552 | | 1551 | | 1550 | | 1549 | | 1548 | | 1547 | | 1546 | | 1545 | | 1544 | | 1543 | | 1542 | | 1541 | | 1540 | | 1539 | | 1538 | | 1537 | | 1536 | | 1535 | | 1534 | | 1533 | | 1532 | | 1531 | | 1530 | | 1529 | | 1528 | | 1527 | | 1526 | | 1525 | | 1524 | | 1523 | | 1522 | | 1521 | | 1520 | | 1519 | | 1518 | | 1517 | | 1516 | | 1515 | | 1514 | | 1513 | | 1512 | | 1511 | | 1510 | | 1509 | | 1508 | | 1507 | | 1506 | | 1505 | | 1504 | | 1503 | | 1502 | | 1501 | | 1499 | | 1498 | | 1497 | | 1496 | | 1495 | | 1494 | | 1493 | | 1492 | | 1491 | | 1490 | | 1489 | | 1488 | | 1487 | | 1486 | | 1485 | | 1484 | | 1483 | | 1482 | | 1481 | | 1480 | | 1479 | | 1478 | | 1477 | | 1476 | | 1475 | | 1474 | | 1473 | | 1472 | | 1471 | | 1470 | | 1469 | | 1468 | | 1467 | | 1466 | | 1465 | | 1464 | | 1463 | | 1462 | | 1461 | | 1460 | | 1459 | | 1458 | | 1457 | | 1456 | | 1455 | | 1454 | | 1453 | | 1452 | | 1451 | | 1450 | | 1449 | | 1448 | | 1447 | | 1446 | | 1445 | | 1444 | | 1443 | | 1442 | | 1441 | | 1440 | | 1439 | | 1438 | | 1437 | | 1436 | | 1435 | | 1434 | | 1433 | | 1432 | | 1431 | | 1430 | | 1429 | | 1428 | | 1427 | | 1426 | | 1425 | | 1424 | | 1423 | | 1422 | | 1421 | | 1420 | | 1419 | | 1418 | | 1417 | | 1416 | | 1415 | | 1414 | | 1413 | | 1412 | | 1411 | | 1410 | | 1409 | | 1408 | | 1407 | | 1406 | | 1405 | | 1404 | | 1403 | | 1402 | | 1401 | | 1399 | | 1398 | | 1397 | | 1396 | | 1395 | | 1394 | | 1393 | | 1392 | | 1391 | | 1390 | | 1389 | | 1388 | | 1387 | | 1386 | | 1385 | | 1384 | | 1383 | | 1382 | | 1381 | | 1380 | | 1379 | | 1378 | | 1377 | | 1376 | | 1375 | | 1374 | | 1373 | | 1372 | | 1371 | | 1370 | | 1369 | | 1368 | | 1367 | | 1366 | | 1365 | | 1364 | | 1363 | | 1362 | | 1361 | | 1360 | | 1359 | | 1358 | | 1357 | | 1356 | | 1355 | | 1354 | | 1353 | | 1352 | | 1351 | | 1350 | | 1349 | | 1348 | | 1347 | | 1346 | | 1345 | | 1344 | | 1343 | | 1342 | | 1341 | | 1340 | | 1339 | | 1338 | | 1337 | | 1336 | | 1335 | | 1334 | | 1333 | | 1332 | | 1331 | | 1330 | | 1329 | | 1328 | | 1327 | | 1326 | | 1325 | | 1324 | | 1323 | | 1322 | | 1321 | | 1320 | | 1319 | | 1318 | | 1317 | | 1316 | | 1315 | | 1314 | | 1313 | | 1312 | | 1311 | | 1310 | | 1309 | | 1308 | | 1307 | | 1306 | | 1305 | | 1304 | | 1303 | | 1302 | | 1301 | | 1299 | | 1298 | | 1297 | | 1296 | | 1295 | | 1294 | | 1293 | | 1292 | | 1291 | | 1290 | | 1289 | | 1288 | | 1287 | | 1286 | | 1285 | | 1284 | | 1283 | | 1282 | | 1281 | | 1280 | | 1279 | | 1278 | | 1277 | | 1276 | | 1275 | | 1274 | | 1273 | | 1272 | | 1271 | | 1270 | | 1269 | | 1268 | | 1267 | | 1266 | | 1265 | | 1264 | | 1263 | | 1262 | | 1261 | | 1260 | | 1259 | | 1258 | | 1257 | | 1256 | | 1255 | | 1254 | | 1253 | | 1252 | | 1251 | | 1250 | | 1249 | | 1248 | | 1247 | | 1246 | | 1245 | | 1244 | | 1243 | | 1242 | | 1241 | | 1240 | | 1239 | | 1238 | | 1237 | | 1236 | | 1235 | | 1234 | | 1233 | | 1232 | | 1231 | | 1230 | | 1229 | | 1228 | | 1227 | | 1226 | | 1225 | | 1224 | | 1223 | | 1222 | | 1221 | | 1220 | | 1219 | | 1218 | | 1217 | | 1216 | | 1215 | | 1214 | | 1213 | | 1212 | | 1211 | | 1210 | | 1209 | | 1208 | | 1207 | | 1206 | | 1205 | | 1204 | | 1203 | | 1202 | | 1201 | | 1199 | | 1198 | | 1197 | | 1196 | | 1195 | | 1194 | | 1193 | | 1192 | | 1191 | | 1190 | | 1189 | | 1188 | | 1187 | | 1186 | | 1185 | | 1184 | | 1183 | | 1182 | | 1181 | | 1180 | | 1179 | | 1178 | | 1177 | | 1176 | | 1175 | | 1174 | | 1173 | | 1172 | | 1171 | | 1170 | | 1169 | | 1168 | | 1167 | | 1166 | | 1165 | | 1164 | | 1163 | | 1162 | | 1161 | | 1160 | | 1159 | | 1158 | | 1157 | | 1156 | | 1155 | | 1154 | | 1153 | | 1152 | | 1151 | | 1150 | | 1149 | | 1148 | | 1147 | | 1146 | | 1145 | | 1144 | | 1143 | | 1142 | | 1141 | | 1140 | | 1139 | | 1138 | | 1137 | | 1136 | | 1135 | | 1134 | | 1133 | | 1132 | | 1131 | | 1130 | | 1129 | | 1128 | | 1127 | | 1126 | | 1125 | | 1124 | | 1123 | | 1122 | | 1121 | | 1120 | | 1119 | | 1118 | | 1117 | | 1116 | | 1115 | | 1114 | | 1113 | | 1112 | | 1111 | | 1110 | | 1109 | | 1108 | | 1107 | | 1106 | | 1105 | | 1104 | | 1103 | | 1102 | | 1101 | | 1099 | | 1098 | | 1097 | | 1096 | | 1095 | | 1094 | | 1093 | | 1092 | | 1091 | | 1090 | | 1089 | | 1088 | | 1087 | | 1086 | | 1085 | | 1084 | | 1083 | | 1082 | | 1081 | | 1080 | | 1079 | | 1078 | | 1077 | | 1076 | | 1075 | | 1074 | | 1073 | | 1072 | | 1071 | | 1070 | | 1069 | | 1068 | | 1067 | | 1066 | | 1065 | | 1064 | | 1063 | | 1062 | | 1061 | | 1060 | | 1059 | | 1058 | | 1057 | | 1056 | | 1055 | | 1054 | | 1053 | | 1052 | | 1051 | | 1050 | | 1049 | | 1048 | | 1047 | | 1046 | | 1045 | | 1044 | | 1043 | | 1042 | | 1041 | | 1040 | | 1039 | | 1038 | | 1037 | | 1036 | | 1035 | | 1034 | | 1033 | | 1032 | | 1031 | | 1030 | | 1029 | | 1028 | | 1027 | | 1026 | | 1025 | | 1024 | | 1023 | | 1022 | | 1021 | | 1020 | | 1019 | | 1018 | | 1017 | | 1016 | | 1015 | | 1014 | | 1013 | | 1012 | | 1011 | | 1010 | | 1009 | | 1008 | | 1007 | | 1006 | | 1005 | | 1004 | | 1003 | | 1002 | | 1001 | | 999 | | 998 | | 997 | | 996 | | 995 | | 994 | | 993 | | 992 | | 991 | | 990 | | 989 | | 988 | | 987 | | 986 | | 985 | | 984 | | 983 | | 982 | | 981 | | 980 | | 979 | | 978 | | 977 | | 976 | | 975 | |
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9. Other credit balances

| | 2017 | 2016 |
|----------------------|---------------|----------------|
| | JD | JD |
| Shareholders deposit | 49,831 | 49,831 |
| Accrued expenses | 13,182 | 43,390 |
| Unearned revenues | 8,962 | 27,627 |
| Governmental deposit | 4,036 | 4,423 |
| Trading settlement | - | 48,120 |
| Employees payable | - | 271 |
| Total | 76,011 | 173,662 |

10. Other revenue

| | 2017 | 2016 |
|-----------------------|----------------|---------------|
| | JD | JD |
| Recovery of provision | 918,031 | - |
| Bank interests | 25,325 | 12,796 |
| Other | 3,120 | 3,714 |
| Total | 946,476 | 16,510 |

11. Investments property rent, net

| | 2017 | 2016 |
|-----------------------|---------------|---------------|
| | JD | JD |
| Office rents | 97,546 | 124,281 |
| Building expenses (*) | (41,511) | (39,516) |
| Net | 56,035 | 84,765 |

(*) Building expenses consist of:

| | 2017 | 2016 |
|--------------|---------------|---------------|
| | JD | JD |
| Depreciation | 20,086 | 20,086 |
| Governmental | 13,200 | 16,300 |
| Maintenance | 8,225 | 3,130 |
| Total | 41,511 | 39,516 |

12. Administrative expenses

| | 2017 | 2016 |
|-----------------------------------|----------------|----------------|
| | JD | JD |
| Salaries and wages | 133,892 | 132,841 |
| Contribution to social security | 17,298 | 16,739 |
| Subscriptions fees | 16,915 | 21,314 |
| Bank commission | 10,599 | 3,007 |
| Professional fees | 8,700 | 8,700 |
| Board of directors transportation | 7,200 | 7,200 |
| Maintenance | 5,421 | 5,800 |
| Health insurance | 5,127 | 5,155 |
| Electricity and water | 4,830 | 6,779 |
| Depreciations | 4,739 | 6,760 |
| Governmental fees | 4,731 | 2,084 |
| Communication | 3,837 | 7,296 |
| Miscellaneous | 3,093 | 954 |
| Vehicle expenses | 1,558 | 1,113 |
| hospitality | 1,070 | 959 |
| Stationery and printing | 792 | 1,177 |
| Advertising | 716 | 906 |
| Penalty | 250 | 300 |
| Amortization | 98 | 247 |
| Total | 230,866 | 229,331 |

13. Litigations

As stated in the legal consular letter at the statement of financial position date, There are legal cases filed against to others amounting to JD 8,787,307, and seven cases with undetermined value, in addition to the claim for the execution of the value of the JD 4 million mortgage bond, and there are legal cases filed against the Company amounting to JD 4,709,767, and one case with undetermined value in addition to Prevent the claim for the execution of the value of the JD 4 million mortgage bond. by the Opinion of the company's management and the legal consular, the provision for these cases are sufficient.

14. Earnings per shear from profit

| | 2017 | 2016 |
|----------------------------------|-----------------|-----------------|
| | JD | JD |
| Net profit | 901,393 | 67,639 |
| Weighted average number of share | 9,000,000 | 9,000,000 |
| Earnings per share | JD 0/100 | JD 0/008 |

15. Contingent liabilities

| | Liability amount | Deposit | Net |
|------------|------------------|---------|--------|
| | JD | JD | JD |
| Guarantees | 452,000 | 511,957 | 59,957 |

16. Tax status

- The tax status was settled until year 2010 with Income Tax department.
- The tax returns was audited by Income and Sales Tax department for year 2011, 2012 and 2013 with Income Tax department and a decision was Issued in absentia.
- The Company's annual income tax return for 2014 and 2015 has been submitted within the legal period and a tax examination has not been conducted by the Tax Department to date.
- The tax status was settled for year 2016 and the tax return has been accepted without amendment.

17. Risk management

a) Capital risk:

- Regularly, the capital structure is reviewed and the cost of capital and the risks associated with capital are considered. In addition, capital is managed properly to ensure continuing as a going concern while maximizing the return through the optimization of the debt and equity balance.

b) Currency risk:

- Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- The risk arises on certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year.
- Most of foreign currency transactions are in USD, and JD exchange rate is fixed against USD.

c) Interest rate risk:

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- The risk arises on exposure to a fluctuation in market interest rates resulting from borrowings and depositing in banks.
- The risk is managed by maintaining an appropriate mix between fixed and floating interest rates balances during the financial year.
- The following table shows the sensitivity of profit or loss and equity to changes in interest rates received by the entity on its deposits with banks and on interest rates paid by the entity on borrowing from the banks:
- Represent the following table sensitive of interest on gain (loss) and it impact on owner equity:

d) Credit risk:

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Regularly, the credit ratings of debtors and the volume of transactions with those debtors during the year are monitored.
- Ongoing credit evaluation is performed on the financial condition of debtors, also adequate provisions for doubtful receivables is taken.
- The carrying amount of financial assets recorded in the financial statements represents the - maximum exposure to credit risk without taking into account the value of any collateral obtained.

e) Other price risk:

- Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- The risk arises from investing in equity investments. Investment impairment loss was calculated which its market value have declined
- The following table shows the sensitivity to profit or loss and equity to the changes in the listed prices of investments in equity instruments, assuming no changes to the rest of other variables:

f) Liquidity risk:

- Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.
- Liquidity risk is managed through monitoring cash flows and matching with maturity dates of the financial assets and liabilities.
- The following table shows the maturity dates of financial assets and liabilities as of December 31:

| Description | Less than a year | |
|-------------------------------|------------------|------------------|
| | 2017 | 2016 |
| | JD | JD |
| Financial assets: | | |
| Cash and cash equivalents | 244,130 | 493,824 |
| Trade receivables | 1,282,252 | 1,117,351 |
| Other debit balances | 704,241 | 812,162 |
| Total | 2,230,623 | 2,423,337 |
| Financial liabilities: | | |
| Trade payables | 143,539 | 202,957 |
| Other credit balances | 26,180 | 123,831 |
| Total | 169,719 | 326,788 |

18. Standards and Interpretations issued but not yet effective

Up to the date of these financial statements, the following Standards and Interpretations were issued by the International Accounting Standards Board but not yet effective:

| Standard or Interpretation No. | Description | Effective date |
|--------------------------------|--|-----------------------|
| IFRS (9) - New | Financial Instruments | Jan 1, 2018 or after |
| IFRS (15) - New | Revenue from contracts with customers | Jan. 1, 2018 or after |
| IFRS (16) - New | Leases – all leases are being recognized in the statement of financial position, without distinctions between operating and finance leases | Jan 1, 2019 or after |
| IFRS (17) - New | Insurance contracts | Jan 1, 2021 or after |
| IFRIC No. (22) | Foreign currency transactions | Jan 1, 2018 or after |
| IFRIC No. (23) | Uncertainty over income tax treatments | Jan 1, 2019 or after |

Management anticipates that the adoption of these Standards and Interpretations in current or future periods may not have material impact on the financial statements.