



الشركة المتكاملة للتأجير التمويلي
Comprehensive Leasing Co.



جائزة أفضل شركة تأجير تمويلي
في الأردن لعام ٢٠١٧



جائزة أفضل شركة تأجير تمويلي
في الأردن لعام ٢٠١٦



جائزة الملك عبد الله الثاني للتميز
للقطاع الخاص - الدورة السابعة
(٢٠١٢/٢٠١١)

التاريخ: ٢٠١٨/١١/٥
إشارة: O/11/1800064

السادة
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سيد خالد

11/5

السادة/ هيئة الاوراق المالية المحترمين

الموضوع: القوائم المالية المرحلية الموحدة للفترة المنتهية في ٢٠١٨/٩/٣٠

نرفق لكم طيه القوائم المالية المرحلية الموحدة وتقرير المراجعة للشركة المتكاملة للتأجير التمويلي م.ع.م للتسعة اشهر الاولى المنتهية في ٣٠ ايلول ٢٠١٨.

هيئة الاوراق المالية
البنك الاردني للتجارة والادخار
٢٠١٨
لرقم الحساب:
لجهة الضميمة:

نرفق لكم نسخة من القوائم المالية باللغة الانجليزية.

شاكرين لكم حسن تعاونكم،،،

الشركة المتكاملة للتأجير التمويلي م.ع.م
إيليا وكيلة
المدير العام

إيليا وكيلة

إيليا وكيلة

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**COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED UNAUDITED)**

30 SEPTEMBER 2018

**COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED UNAUDITED)**

30 SEPTEMBER 2018

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**REVIEW REPORT ON THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
TO THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS OF COMPREHENSIVE
LEASING COMPANY (PUBLIC SHAREHOLDING COMPANY)**

Introduction

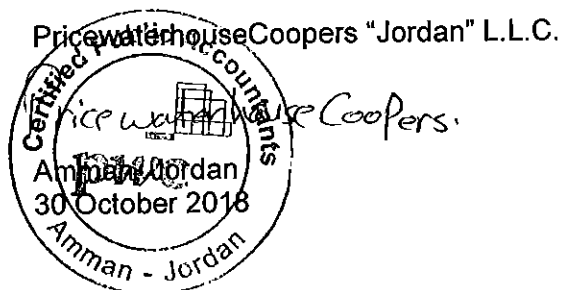
We have reviewed the accompanying consolidated condensed interim statement of financial position of Comprehensive Leasing Company and its subsidiaries (hereinafter referred to as the "Group") as at 30 September 2018 and the consolidated condensed interim statement of comprehensive income and the consolidated condensed interim statement of changes in equity and the consolidated condensed interim statement of cash flows for the nine months ended 30 September 2018. Management is responsible for the preparation and presentation of these consolidated condensed interim financial statements in accordance with the IAS (34), "Interim Financial Reports". Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements (2410) "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurances that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements are not properly prepared, in all material respects, in accordance with IAS (34) related to the interim financial reporting.



**COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018**

	Note	30 September 2018 JD (Unaudited)	31 December 2017 JD (Audited)
Assets			
Non-current assets			
Intangible assets		26,539	35,911
Property and equipment		2,855,830	2,400,684
Investment properties		3,320,358	3,362,291
Non-current portion of net investment in finance lease contracts	5	26,893,687	22,874,645
Non-current portion of instalment sale receivables	6	4,534,505	7,408,443
		<u>37,630,919</u>	<u>36,081,974</u>
Current assets			
Other receivables		216,036	181,421
Current portion of net investment in finance lease contracts	5	29,952,951	20,316,224
Current portion of net investment in instalment sale receivables	6	10,318,528	11,912,227
Financial assets at fair value through statement of income		324,694	268,134
Cash on hand and at banks	4	153,244	201,359
		<u>40,965,453</u>	<u>32,879,365</u>
Total assets		<u>78,596,372</u>	<u>68,961,339</u>
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	7	10,000,000	7,000,000
Statutory reserve	7	1,750,000	1,750,000
Voluntary reserve	7	-	21,549
Retained earnings		3,575,423	5,128,206
Total shareholders' equity		<u>15,325,423</u>	<u>13,899,755</u>
Liabilities			
Non-current liabilities			
Long-term borrowings	9	25,642,892	21,041,013
Current liabilities			
Banks overdrafts	8	10,902,276	9,813,628
Other payables		1,044,602	1,122,537
Rentals and finance income received in advance		208,162	170,091
Current portion of long-term borrowings	9	24,737,380	22,199,701
Income tax provision	10	735,637	714,614
		<u>37,628,057</u>	<u>34,020,571</u>
Total liabilities		<u>63,270,949</u>	<u>55,061,584</u>
Total shareholders' equity and liabilities		<u>78,596,372</u>	<u>68,961,339</u>

The accompanying notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements

**COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

	Note	For the nine months ended		For the three months ended	
		30 September 2018	30 September 2017	30 September 2018	30 September 2017
		JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)
Revenue					
Net revenue from finance lease contracts		6,442,769	3,655,905	2,371,312	1,295,654
Net revenue from instalment sale		2,038,263	2,395,662	644,297	733,569
Finance expenses		(3,664,205)	(2,471,904)	(1,383,567)	(893,615)
Gross profit		<u>4,816,827</u>	<u>3,579,663</u>	<u>1,632,042</u>	<u>1,135,608</u>
Net revenue from investment properties		150,793	176,625	28,096	70,873
Other income		22,084	7,351	20,716	828
(Losses) gains from financial assets at fair value through statement of income		(28,692)	32,466	(32,262)	4,087
Realised gains from sale of financial assets at fair value through statement of income		4,310	-	4,310	-
Dividends received		10,844	11,353	-	(11,353)
Administrative expenses		(1,118,156)	(1,075,852)	(368,857)	(386,142)
Profit for the period before tax		<u>3,858,010</u>	<u>2,731,606</u>	<u>1,284,045</u>	<u>813,901</u>
Income tax expense of the Company	10	(881,217)	(548,522)	(299,121)	(172,478)
Income tax expense of a foreign branch	10	(11,125)	(38,044)	(4,842)	(8,496)
Profit for the period		<u>2,965,668</u>	<u>2,145,040</u>	<u>980,082</u>	<u>632,926</u>
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the period		<u>2,965,668</u>	<u>2,145,040</u>	<u>980,082</u>	<u>632,926</u>
Basic and diluted earnings per share from profit of the period attributable to the Company's shareholders	11	<u>0,30</u>	<u>0,21</u>	<u>0,098</u>	<u>0,06</u>

The accompanying notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements

**COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

	Share capital JD	Statutory reserve JD	Voluntary reserve JD	Retained earnings	Total
2018 (Unaudited)					
Balance at 1 January 2018	7,000,000	1,750,000	21,549	5,128,206	13,899,755
Capital increase (note 7)	3,000,000	-	(21,549)	(2,978,451)	-
Dividends distribution (note 12)	-	-	-	(1,540,000)	(1,540,000)
Comprehensive income for the period	-	-	-	2,965,668	2,965,668
Balance at 30 September 2018	<u>10,000,000</u>	<u>1,750,000</u>	<u>-</u>	<u>3,575,423</u>	<u>15,325,423</u>
2017 (Unaudited)					
Balance at 1 January 2017	7,000,000	1,750,000	21,549	3,659,275	12,430,824
Dividends distribution (note 12)	-	-	-	(1,260,000)	(1,260,000)
Comprehensive income for the period	-	-	-	2,145,040	2,145,040
Balance at 30 September 2017	<u>7,000,000</u>	<u>1,750,000</u>	<u>21,549</u>	<u>4,544,315</u>	<u>13,315,864</u>

The accompanying notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements

**COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

	30 September 2018	30 September 2017
	JD	JD
	(Unaudited)	(Unaudited)
Operating activities		
Profit for the period before tax	3,858,010	2,731,606
Adjustments		
Depreciation of property and equipment and amortisation	111,231	54,198
Depreciation of investment properties	41,933	41,933
Finance expenses	3,664,205	2,471,904
Dividends received	(10,844)	(11,353)
Realised gains from sale of financial assets at fair value	(4,310)	(32,466)
Unrealised (losses) gains from revaluation of financial assets at fair value through statement of income	28,692	(24,415)
Gains from sale of fixed assets	(258)	(5,513)
Change in assets and liabilities:		
Net investment in finance lease contracts	(13,655,769)	(12,270,946)
Net investment in instalment sale receivables	4,467,637	3,545,365
Other receivables	(34,615)	(395,712)
Rentals and finance income received in advance	38,071	53,992
Other payables	(77,935)	175,449
Net cash flows used in operating activities before income tax paid	(1,573,952)	(3665,958)
Income tax paid	(871,319)	(661,947)
Net cash flows used in operating activities	(2,445,271)	(4,327,905)
Investing activities		
Purchase of property and equipment	(557,005)	(123,413)
Proceeds from sale of property and equipment	258	14,885
Purchase of financial assets at fair value	(106,752)	(22,973)
Dividends received	10,844	-
Proceeds from sale of financial assets at fair value	25,810	334,049
Net cash flows (used in) from investing activities	(626,845)	202,548
Financing activities		
Borrowings	7,139,558	5,912,884
Finance expenses	(3,664,205)	(2,471,904)
Dividends paid	(1,540,000)	(1,260,000)
Net cash flows from financing activities	1,935,353	2,180,980
Net change in cash and cash equivalents	(1,136,763)	(1,944,377)
Cash and cash equivalents at 1 January	(9,612,269)	(7,450,132)
Cash and cash equivalents at 30 September (note 4)	(10,749,032)	(9,394,509)

The accompanying notes from 1 to 13 form an integral part of these consolidated condensed interim financial statements

**COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

(1) GENERAL INFORMATION

Comprehensive Leasing Company was established as a limited liability company on 14 April 2004 under No. (8730) with a share capital of JD 1 million. On 12 September 2006, the Company's legal status was changed to a public shareholding company and was registered with the Ministry of Industry and Trade under No. (415). As at 31 December 2017, the share capital of the Company amounted to JD 7 million with a nominal value of JD 1 each. In 2018, the Company increased its share capital according to the resolution of the ordinary General Assembly held on 25 February 2018. The share capital was increased by JD 3,000,000 by capitalising the voluntary reserve by JD 21,549 and distributing bonus shares to the shareholders in the amount of JD 2,978,451 by capitalising the retained earnings. Hence, the share capital of the Company became JD 10,000,000 with a nominal value of JD 1 each as at 30 September 2018. The share capital increase procedures were completed with the Ministry of Industry and Trade on 9 April 2018.

The Company's main activities are represented in the following:

- Finance lease.
- Investment of the Company's funds in the economic, industrial, agricultural and real estate fields.
- Purchase, own, lease and manage movable and immovable funds for the purposes of the Company.
- Mortgage of movable and immovable funds.
- Development of land by providing the necessary services and fragmentation of the land.
- Import and export.
- Touristic investment.
- Obtain patents.
- Obtain contracts of rights and privileges from any government, entity, authority, company, institution or individual concerned by the objectives of the Company, enter into commercial and governmental bids and tenders, both locally and internationally, and register the company's trademarks.

On 24 July 2012, the Company established a branch in the Kurdistan Region of Iraq under the number (15297). The branch commenced its operational activities during the first quarter of 2013, according to the provisions of item No. (5 - third) of the regulation of establishing branches of offices of foreign companies and economic institutions No. (5) of 1989 related to the Kurdistan Region of Iraq.

The Comprehensive Leasing Company is a public shareholding company, and its shares are listed in Amman Stock Exchange. The registered address of the Company is 207 Zahran St. - Amman, the Hashemite Kingdom of Jordan.

The Company's consolidated condensed interim financial statements were approved by the management on 30 October 2018.

**COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group's Management in the preparation of these consolidated condensed interim financial statements are set out below:

2.1 Basis of preparation

The consolidated condensed interim financial statements of the Group has been prepared in accordance with IAS 34, 'Interim financial reporting'.

The Jordanian Dinar is the presentation currency for the consolidated condensed interim financial statements and is the Group's functional currency. The consolidated condensed interim financial statements have been prepared according to the historical cost convention except for the financial assets at fair value through the statement of income which is recognised at fair value at the date of the consolidated condensed interim financial statements. The consolidated condensed interim financial statements have been prepared under the going concern basis.

These consolidated condensed interim financial statements do not include all information and notes required in the annual financial statements which are prepared in accordance with the IFRS, and should be read in conjunction with the Company's consolidated financial statements as of 31 December 2017. The results for the nine months ended 30 September 2018 are not necessarily indicative of the results that may be expected for the year ending 31 December 2018. No provision was made for the profit of the nine month period ended 30 September 2018 which is done at the end of the financial year.

2.2 Changes in accounting policies and disclosures

The accounting policies are consistent with those adopted in preparation of the consolidated financial statements for the year ended 31 December 2017.

2.2.1 New and amended standards and interpretations issued and adopted by the Company in the financial year beginning on 1 January 2018

(a) that do not have a significant impact on the consolidated condensed interim financial statements:

- Recognition of deferred tax assets for unrealisable losses - Amendments to IAS 12 "Income taxes".
- Improvements of disclosures - Amendments to IAS 7 "Statement of cash flows".
- Transfers of investment properties - Amendments to IAS 40 "Investment Property".
- Annual amendments to IFRS – 2012-2014 Cycle.

**COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
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FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

- IFRS 15, "Revenue from Contracts with Customers", effective from 1 January 2018. This standard will replace IAS 18 which covers goods and services contracts and IAS 11 which covers construction contracts. Based on the new standard, revenues are recognised upon the transfer of control of the goods or services to the customer- thus the concept of control replaces the concept of risks and returns. The standard permits the adoption with full or amended retrospective impact.

Impact: There is no impact of adopting the standard on the consolidated condensed interim financial statements of the Company, since most of the Company's revenues are derived from sources not subject to this standard.

(b) That have a significant impact on the consolidated condensed interim financial statements:

- IFRS 9, "Financial instruments".

Nature of change: This standard addresses the classification, measurement and de-recognition of the financial assets and liabilities and introduces new rules for hedge accounting. The standard also introduced a new impairment model for recognition of impairment provisions.

The impact of applying IFRS 9:

The Company is required to apply IFRS 9 starting from 1 January 2018. The most important aspects of the adoption are as follows:

a. Classification and measurement of financial assets:

- There is no material impact for applying the standard. The Company has early adopted the first phase of IFRS 9 effective from 1 January 2011.

b. Classification and measurement of financial liabilities:

- IFRS 9 has retained the requirements contained in IAS 39 regarding the classification of financial liabilities. As regards measurement of fair value, IAS 39 requires recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through the profit and loss statement, while IFRS 9 requires the following:
 - Recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through the income statement arising from change in credit risk in the statement of comprehensive income.
 - The remaining amount of fair value valuation differences is recognised in the statement of income.

c. Hedge accounting:

- When applying IFRS 9, the Company elected to continue to use the hedge accounting policy under the requirements of IAS 39 instead of the requirements of IFRS 9.

**COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

d. Impairment of financial assets:

- IFRS 9 replaces the "loss recognition" model adopted in IAS 39 to calculate the impairment of financial assets to the forward-looking model "expected credit loss", which requires the use of estimates and judgments to estimate the economic factors that have impact on the impairment value according the new model, where this model has been applied on all financial assets - debt instruments classified at amortised cost or at fair value through the consolidated statement of comprehensive income or at fair value through the consolidated statement of income. Effective from 1 January 2018, the standard addresses the classification, measurement and recognition of financial assets and financial liabilities and introduces new rules for hedge accounting.

Impairment losses have been accounted for in accordance with the requirements of IFRS 9 as per the following:

- 12-month impairment losses: The expected impairment of default is calculated within 12 months following the reporting date.
- Impairment losses for the useful life of the instrument: The expected impairment of the life of the financial instrument is calculated until the maturity date from the date of the consolidated financial statements.
- The mechanism for calculating expected credit losses depends on the probability of default (PD) which is calculated according to the credit risk and future economic factors, loss given default (LGD) which depends on the collection value of the existing collaterals and the amount of the exposure at default (EAD).

e. Disclosures:

- IFRS 9 requires several detailed disclosures, particularly with respect to hedge accounting, credit risk and expected credit losses. The Company provides all details required for such disclosures to be presented in subsequent consolidated financial statements after application.

f. Adoption:

- The Company has assessed the impact of the adoption of the standard on the opening balances of retained earnings as at 1 January 2018, which did not have any significant impact on the financial statements.

**COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

2.2.2 New and amended standards and interpretations issued but not effective for the financial year beginning on 1 January 2018 and have not been early adopted by the Company:

- IFRS 16, 'Leases'

Nature of change: IFRS 16 was issued in January 2016 and will almost lead to recognition of all leases in the consolidated statement of financial position, as the difference between the operating and financing leases is eliminated. The standard requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals. An optional exemption exists for short-term and low-value leases. Accounting for lessors did not change significantly.

Impact: The standard will primarily affect the accounting of the Company's operating leases. At the reporting date, most leases relate to payments of short-term and low-value leases; hence, the above exception in the standard applies.

Mandatory adoption date: Mandatory for financial years beginning on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date. The Company intends to apply the simplified transition approach and will not restate the comparative amounts for the previous year.

There are no other IFRSs or IFRIC interpretations that are ineffective and have a significant impact on the Company's consolidated condensed Interim financial statement.

2.3 Basis of consolidation of condensed Interim financial statements

The consolidated condensed interim financial statements include the financial statements of the Company and the branches and subsidiaries fully owned and controlled by the Company. The control is achieved when the company is able to manage the main activities of the subsidiaries; exposed to varying returns from its investment in the subsidiaries or has rights in these returns; and is able to affect these returns through its control over the subsidiaries. However, transactions, balances, revenues and expenses between the Company and subsidiaries and between the subsidiaries shall be eliminated.

The consolidated financial statements of the Group for the nine months ended 30 September 2018 include the financial statements of the branches of the Company in the Kurdistan Region of Iraq as well as the following subsidiaries:

<u>Company name</u>	<u>Paid-in capital</u> JD	<u>Percentage of ownership</u> %	<u>Nature of operations</u>	<u>Location</u>	<u>Date of incorporation</u>
The Comprehensive Company for Vehicle Sale LLC	500,000	100	Selling and buying used cars	Amman	2011
The International Comprehensive Company LLC	10,000	100	Shares trading	Amman	2016

**COMPREHENSIVE LEASING COMPANY
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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
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The financial statements of the subsidiaries are prepared for the same financial year of the Company, using consistent accounting policies used by the Company. If the accounting policies adopted by the subsidiaries are different, the required adjustments are made on the financial statements of the subsidiary to be consistent with the accounting policies used by the Company.

The financial statements of the subsidiaries are consolidated in the consolidated statement of income from the date of its ownership which is the date on which the control is actually transferred to the Company on the subsidiaries. Consolidation stops when the company loses such control.

2.4 Critical accounting estimates and judgements

The critical estimates used by the management in preparing of these consolidated condensed interim financial statements and adopted in the accounting policies are consistent with those adopted in preparation of the consolidated financial statements as at and for the year ended 31 December 2017. The Company has not calculated the impairment provision in accordance with IFRS 9.

(3) FINANCIAL RISK MANAGEMENT

Liquidity risk

Management of the Company monitors the Company's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

(4) CASH IN HAND AND AT BANKS

	30 September 2018	31 December 2017
	JD (Unaudited)	JD (Audited)
Cash on hand	76,752	130,519
Cash at banks	76,492	70,840
	<u>153,244</u>	<u>201,359</u>

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand and at banks less bank overdrafts as follows:

	30 September 2018	30 September 2017
	JD (Unaudited)	JD (Unaudited)
Cash on hand and at banks	153,244	258,159
Bank overdrafts	<u>(10,902,276)</u>	<u>(9,652,668)</u>
	<u>(10,749,032)</u>	<u>(9,394,509)</u>

COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

(5) NET INVESTMENT IN FINANCE LEASE CONTRACTS

	30 September 2018	31 December 2017
	JD (Unaudited)	JD (Audited)
Total investment in long-term finance lease contracts (over one year)	31,039,954	25,908,310
Total investment in short-term finance lease contracts	35,606,872	25,188,033
Total	66,646,826	51,096,343
Deferred revenues	(9,219,584)	(7,324,870)
Total before provision	57,427,242	43,771,473
Provision for impairment of investment in finance lease contracts	(580,604)	(580,604)
	56,846,638	43,190,869
Less: Net investment in long-term finance lease contracts	(26,893,687)	(22,874,645)
Net investment in finance lease contracts that are due in a year	<u>29,952,951</u>	<u>20,316,224</u>

(6) NET INVESTMENT IN INSTALMENT SALE CONTRACTS

	30 September 2018	31 December 2017
	JD (Unaudited)	JD (Audited)
Total investment in long-term instalment sale contracts (over one year)	5,016,240	8,229,056
Total investment in short-term instalment sale contracts	12,541,987	14,788,318
Total	17,558,227	23,017,374
Deferred revenues	(1,438,030)	(2,429,540)
Total before provision	16,120,197	20,587,834
Provision for impairment of investment in instalment sale contracts	(1,267,164)	(1,267,164)
	14,853,033	19,320,670
Less: Net investment in long-term instalment sale contracts	(4,534,505)	(7,408,443)
Net investment in instalment sale contracts that are due during the year	<u>10,318,528</u>	<u>11,912,227</u>

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(7) SHAREHOLDERS' EQUITY

Paid-in share capital

In 2018, the Company increased its share capital according to the resolution of the extraordinary General Assembly held on 25 February 2018. The share capital was increased by JD 3,000,000 by capitalising the voluntary reserve by JD 21,549 and distributing bonus shares to the shareholders in the amount of JD 2,978,451 by capitalising the retained earnings. Hence, the share capital of the Company became JD 10,000,000 with a nominal value of JD 1 each as at 30 September 2018 (31 December 2017: JD 7,000,000). The share capital increase procedures were completed with the Ministry of Industry and Trade on 9 April 2018.

Statutory reserve

According to the Jordanian Companies Law and the Company's by-laws, the Company should transfer 10% of its annual net profit to the statutory reserve, and continue to do so each year provided that the total transferred amounts to the reserve do not exceed 25% of the Company's capital. For the purposes of this law, net profits represent profits before the income tax and fees provision. This reserve is not distributable to shareholders. No statutory reserve is deducted during the period ended 30 September 2018, as the deduction is made at the end of the year.

Voluntary reserve

According to the Jordanian Companies Law and the Company's by-laws, the Company may establish a voluntary reserve up to 20% of the net profit based on the resolution of its board of directors. The Board of Directors has decided not to deduct any amount for the voluntary reserve during the period from the net profit of the Company. This reserve is available for distribution to shareholders after the approval of the General Assembly of the Company. During the year 2018, the Company has capitalised the voluntary reserve balance of the Company as at 31 December 2017 amounting to JD 21,549 to increase the Company's share capital in accordance with the resolution of the Extraordinary General Assembly held on 25 February 2018.

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(8) BANK OVERDRAFTS

	30 September 2018		31 December 2017	
	Interest rate % (Unaudited)	Credit limit JD (Unaudited)	Interest rate % (Audited)	Credit limit JD (Audited)
Bank Al Etihad	8,75%	1,050,000	8,25%	1,050,000
Capital Bank of Jordan	9,00%	2,750,000	8,50%	2,750,000
Societe Generale	8,75%	250,000	8,25%	250,000
Jordan Commercial Bank	8,75%	1,800,000	8,00%	1,800,000
Housing Bank for Trade and Finance	8,75%	1,713,000	8,00%	1,463,000
Bank Audi	8,75%	500,000	8,00%	500,000
Jordan Kuwait Bank	9,50%	1,763,000	8,50%	1,363,000
Arab Jordan Investment Bank	8,50%	605,000	8,00%	605,000
National Bank of Abu Dhabi	8,00%	200,000	7,75%	200,000
Invest Bank	9,25%	650,000	8,50%	650,000
Egyptian Arab Land Bank	8,50%	750,000	8,00%	750,000
		<u>11,831,000</u>		<u>11,381,000</u>
		<u>10,902,276</u>		<u>9,813,628</u>

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(9) BORROWINGS

	30 September 2018		31 December 2017	
	Interest rate %	Balance JD	Interest rate %	Balance JD
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Bank Al Etihad	8,75%	3,584,509	8,25%	3,300,317
Capital Bank of Jordan	9,00%	5,422,713	8,50%	5,621,241
Societe Generale	8,75%	997,110	8,25%	997,110
Jordan Commercial Bank	8,75%	6,321,187	8,00%	5,454,335
Housing Bank for Trade and Finance	8,75%	5,408,306	8,00%	3,609,965
Bank Audi	8,75%	2,399,725	8,00%	2,046,772
Jordan Kuwait Bank	9,50%	10,725,693	8,50%	6,658,120
Arab Jordan Investment Bank	8,50%	4,015,211	8,00%	4,258,304
Arab Jordan Investment Bank	7,10%	2,247,711	6,65%	1,948,745
National Bank of Abu Dhabi	8,00%	1,799,090	7,75%	1,828,668
Invest Bank	9,25%	5,175,636	8,50%	5,434,618
Egyptian Arab Land Bank	8,50%	2,283,381	8,00%	2,082,519
Total borrowings		50,380,272		43,240,714
Less: Current portion		(24,737,380)		(22,199,701)
Long-term portion		25,642,892		21,041,013

(10) INCOME TAX

The movement on income tax provision in Jordan is as follows:

	30 September 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Balance at 1 January	700,470	524,871
Paid during the period/ year	(857,175)	(615,805)
Tax expense for the period/ year	881,217	791,404
Balance at 30 September 2018 and 31 December 2017	724,512	700,470

The movement on the income tax provision of the Company's branch in Kurdistan- Iraq is as follows:

	30 September 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Balance at 1 January	14,144	62,972
Paid during the period/ year	(14,144)	(62,972)
Tax expense for the period/ year	11,125	14,144
Balance at 30 September 2018 and 31 December 2017	11,125	14,144

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Therefore, the total income tax expense for the period/ year and the income tax provision as at 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018	31 December 2017
	JD (Unaudited)	JD (Audited)
Income tax expense	892,342	805,548
Income tax provision	<u>735,637</u>	<u>714,614</u>

Income tax provision for the period ended 30 September 2018 was calculated in accordance with the Income Tax Law No. (34) of 2014. The Company's legal income tax rate is 24%.

The Company obtained a final clearance from the Income and Sales Tax Department until the end of 2015 except for 2013 and 2009 where these two years are still pending before the court. For the two years 2016 and 2017, the self-assessment was submitted for these years but has not been yet audited by the Income and Sales Tax Department as at the date of approval of these consolidated condensed interim financial statements.

The Comprehensive Company for Vehicle Sale (a subsidiary) obtained a final clearance from the Income Tax Department until the end of 2015. For the year 2016, the return was accepted by the Income and Sales Tax Department under the sampling system. The Company has submitted the self-assessment return for the year 2017 within the legal period; however, the Income and Sales Tax Department has not inspected the return as at date of preparation of these consolidated condensed interim financial statements.

In respect of the Comprehensive International Company for Financial Consulting (a subsidiary), it commenced operations in October 2016. Accordingly, a self-assessment for 2017 has been submitted and the Income and Sales Tax Department has not inspected the same as at the date of preparation of these condensed interim financial statements.

For the Company's branch in Kurdistan- Iraq, the Company has submitted a self-assessment for the years 2015, 2016 and 2017 and obtained a final clearance.

(11) EARNING PER SHARE FROM THE PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY

The details of this item are as follows:

	For the nine months ended 30 September	
	2018	2017
	JD (Unaudited)	JD (Unaudited)
Profit for the period attributable to the shareholders of the Company	<u>2,965,668</u>	<u>2,145,040</u>
Weighted average for the number of shares*	<u>10,000,000</u>	<u>10,000,000</u>
	<u>JD/ share</u>	<u>JD/ share</u>
Basic and diluted earnings per share from profit for the period attributable to the shareholders of the Company	<u>0,30</u>	<u>0,21</u>

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- * The basic earnings per share from the net profit for the period attributable to the shareholders of the Company equals the diluted earnings as the Company did not issue any financial instruments that may have an impact on the basic earnings per share.

(12) DIVIDENDS

The General Assembly, at its extraordinary meeting held on 25 February 2018, approved the distribution of JD 1,540,000 as cash dividends to the shareholders at a rate of 22% of the paid-in share capital as at 31 December 2017. The General Assembly also approved in the same meeting the distribution of stock dividends to the shareholders in the amount of JD 2,978,451 of the retained earnings to increase the Company's share capital by that amount.

On 7 February 2017, the General Assembly of shareholders decided to distribute dividends in the amount of JD 1,260,000 of the retained earnings for 2016 equivalent to 18% of the Company's share capital, and were fully paid as at 30 September 2017.

(13) TRANSACTIONS WITH RELATED PARTIES

An entity is considered a related party when it has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.

The following transactions were carried out with related parties:

	30 September 2018	30 September 2017
	JD (Unaudited)	JD (Unaudited)
Net revenue from lease contracts	235,476	245,475

Balances resulting from transactions with related parties are as follows:

	30 September 2018	31 December 2017
	(Unaudited) JD	(Audited) JD
Due from related parties		
Nicola Abu Khader & Sons Co. Ltd.	5,940	-
Gulf Auto Trading Company	934	-
	<u>6,874</u>	<u>-</u>
Due to related parties		
The Leading Vehicles Co. Ltd.	30,040	165,010
Ocean for Trading Mineral Oils Ltd.	-	432
Nicola Abu Khader & Sons Co. Ltd.	-	307
	<u>30,040</u>	<u>165,749</u>

The key management benefits amounted to JD 90,675 for the period ended as at 30 September 2018 (2017: JD 98,620).