BiNDAR
Finance & Trading
P.L.C
بنـــدار
للتمويـــل والتجـــارة
ش.م.ع

عمان في : ٢٠١٧/٠٣/٢٧

رقم المرجع: ٢٠١٧/١١٤

السادة بورصة عمان المحترمين

الموضوع:البيانات المالية الموحدة

تحية طيبة وبعد،،،

بالاشارة الى الموضوع اعلاه نرفق لكم البيانات المالية الموحدة باللغة الانجليزية للفترة المنتهية كما في ٣١ كانون اول ٢٠١٦ لشركة بندار للتجارة والاستثمار – ش.م.ع -

شاكرين ومقدرين لكم حسن تعاونكم

وتفضلوا بقبول فائق التحية والاحترام،،،

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٢٧ آذار ٢٠١٧
الرقم المتسلسل: ١٥٠١
رقم الملف: ٢١٢١٩
الجهة المختصة: ١١/٦ الادراج والعمليات

المدير العام

نبيل عبدالله شعبان

BINDAR TRADING AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

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

BINDAR TRADING AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2016

TABLE OF CONTENTS

Deloitte.

Deloitte & Touche (M.E.) - Jordan
Jabal Amman, 5th Circle
190 Zahran Street
P.O.Box 248
Amman 11118, Jordan

Tel : +962 (0) 6 5502200
Fax : +962 (0) 6 5502210
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

AM/81651

To the Shareholders of
Bindar Trading and Investment Company
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Bindar Trading and Investment Company (Public Shareholding Limited Company) which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of income and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2016, and its consolidated financial performance and its consolidated 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 Auditor's Responsibilities for the Audit of the Consolidated 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 together with the other ethical requirements that are relevant to our audit of the Company's consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte.

Key Audit Matters

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

Receivables Impairment Provision	**How our audit addressed the key audit matters**
The provision for receivables impairment is significant to the audit, whereby it is required from the company's management to perform accounting estimates and assumptions for the collectability of the receivables based on the financial position of the customers and their related credit risk. Moreover, the net receivables amounted to JD 33,376,243, which represent around 82% of total assets as of December 31, 2016. The nature and characteristics of accounts receivables is defined by the nature of the business for granting loans, which requires to develop a methodology and use significant estimates to calculate the provision for those receivables.	The performed audit procedures included understanding the nature of account receivables, and the internal control system adopted in granting and monitoring account receivables, and evaluating the reasonableness of management's estimates of the provision for receivables impairment, where we have understood the Company's policy for calculating provisions, and the related factors involved in the computation together with discussing those factors with the executive management. Moreover, we have selected a sample from that accounts receivables, after taking into consideration the risk related to the method of settlement and related collateral. We have also discussed the views of management over some of the granted facilities in terms of expected cash inflows and adequacy of provisions. We have also recomputed the required provisions and the adequacy of needed disclosures, which includes related risks as disclosed in the note disclosures.

Other Matter

The consolidated financial statements for the year ended December 31, 2015, the figures of which are shown for comparison purposes, have been audited by Kawasmy & Partners Company, which issued an unqualified opinion thereon dated March 20, 2016.

Other Information

Management is responsible for the other information. The other information comprises the other information in the annual report excluding the consolidated financial statements and the independent auditor thereon, which is expected to be made available to us after the date of our audit report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Deloitte.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 evidenced 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 consolidated financial statements or, if such disclosure 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.

Deloitte.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records duly organized and in line with the accompanying consolidated financial statements. We recommend to approve these consolidated financial statements.

The accompanying consolidated financial statements are a translation of the statutory consolidated financial statements, which is in Arabic language to which reference is to be made.

Deloitte & Touche

Deloitte & Touche (M.E.) – Jordan
Amman – Jordan
March 15, 2017

Deloitte & Touche (M.E.)
Public Accountants
Amman - Jordan

BINDAR TRADING AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2016	December 31, 2015
		JD	JD
Assets			
Cash on hand and at banks	5	1,448,967	3,087,776
Receivables – net	6	33,376,243	31,004,281
Other debit balances	7	204,688	366,373
Financial assets at fair value through profit and loss	8	82,799	108,521
Cash margins against bank loans and borrowings	9	1,905,100	1,853,267
Total Current Assets		37,017,797	36,420,218
Investment properties-net	10	2,687,749	2,687,749
Property and equipment-net	11	294,054	324,578
Deferred tax assets	19/c	600,244	573,197
TOTAL ASSETS		40,599,844	40,005,742
LIABILITIES AND SHAREHOLDER'S EQUITY			
LIABILITIES			
Payables and other credit balances	12	669,557	1,537,480
Short-term loans	13	7,308,777	6,773,888
Income tax provision	19/A	298,813	476,301
Total Current Liabilities		8,277,147	8,787,669
Long-term loans	13	3,288,838	3,272,430
Bonds	14	5,000,000	5,000,000
TOTAL LIABILITIES		16,565,985	17,060,099
SHAREHOLDERS' EQUITY - PAGE (6)			
Paid-up capital	1	20,000,000	20,000,000
Share premium		1,602	1,602
Statutory reserve	15	1,754,063	1,504,153
Retained earnings		2,278,194	1,439,888
Total Shareholders' Equity		24,033,859	22,945,643
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		40,599,844	40,005,742

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

BINDAR TRADING AND INVESTMENT COMPANY

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF INCOME
AND OTHER COMPREHENSIVE INCOME

	Note	For the Year Ended December 31, 2016	2015
		JD	JD
Murabaha financing revenues		4,227,855	3,964,507
Other operating revenues	16	1,397,689	1,372,242
Total operating revenue		5,625,544	5,336,749
Less: Employees' salaries and benefits	17	(788,009)	(830,275)
General and administrative expenses	18	(798,887)	(754,102)
Provision for doubtful debts	6	(112,622)	(73,486)
Loss on valuation of financial assets through profit or loss	8	(25,722)	(21,557)
Finance costs		(1,386,596)	(1,259,570)
Board of Directors' remunerations		(28,333)	(35,000)
Gain/ (loss) on impairment of investment property	10	6,800	(665,933)
Impairment provision in Murabaha for others' loans		(72)	(144)
Other revenue		2,549	18,230
Profit for the Year before Income Tax Expense - Page (8)		2,494,652	1,714,912
Income tax expense	19/B	(606,436)	(885,746)
Profit for the year - Page (7)		1,888,216	829,166
Total Consolidated Comprehensive Income for the Year		1,888,216	829,166
	20	0.094	0.041

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

BINDAR TRADING AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Paid-up Capital	Share Premium	Statutory Reserve	Retained Earnings	Total
	JD	JD	JD	JD	JD
For the Year Ended December 31, 2016					
Balance at the beginning of the year	20,000,000	1,602	1,504,153	1,439,888	22,945,643
Total consolidated comprehensive income for the year - Page (6)	-	-	-	1,888,216	1,888,216
Dividends distribution	-	-	-	(800,000)	(800,000)
Transferred to statutory reserve	-	-	249,910	(249,910)	-
Balance at the End of the Year	20,000,000	1,602	1,754,063	2,278,194	24,033,859
For the Year Ended December 31, 2015					
Balance at the beginning of the year	20,000,000	1,602	1,265,911	848,964	22,116,477
Total consolidated comprehensive income for the year - Page (6)	-	-	-	829,166	829,166
Transferred to statutory reserve	-	-	238,242	(238,242)	-
Balance at the End of the Year	20,000,000	1,602	1,504,153	1,439,888	22,945,643

The retained earnings balance includes JD 600,244 as of December 31, 2016, which represents restricted deferred taxes.

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

BINDAR TRADING AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2016	2015
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year before income tax - page (6)		2,494,652	1,714,912
Adjustments:			
Depreciation of property and equipment and investment property	10&11	94,890	91,755
Provision for doubtful debts	6	112,622	73,486
(Gain) / loss from impairment of investment property	10	(6,800)	665,933
Finance costs		1,386,596	1,259,570
Loss from sale of financial assets at fair value through profit and loss		-	111
Loss of valuation of financial assets through profit or loss	8	25,722	21,557
Loss on disposal of property and equipment		(2,329)	(6,824)
Net Cash Flows from Operating Activities before Changes in Working Capital Items		4,105,353	3,820,500
(Increase) in receivables		(2,484,584)	(1,367,307)
Decrease (Increase)in other debit balances		161,685	(60,253)
(Increase) in cash margins against banks loans and credit facilities		(51,833)	(42,428)
(Decrease) in payables and other credit balances		(1,043,113)	(1,830,117)
Net Cash Flows from Operating Activities before tax paid		687,508	520,395
Income tax paid	19	(810,971)	(2,009,922)
Net Cash Flows (used in) Operating Activities		(123,463)	(1,489,527)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) of property and equipment	11	(65,723)	(132,435)
Received from disposal of property and equipment	11	10,486	27,000
Received from sale of financial assets at fair value through profit and loss		-	1,939
Net Cash Flows (used in) Investing Activities		(55,237)	(103,496)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in bank loans and credit facilities		551,297	386,194
Finance cost paid		(1,386,596)	(1,259,570)
Dividends distribution paid		(624,810)	-
Increase in bonds		-	5,000,000
Net Cash Flows (used in) from Financing Activities		(1,460,109)	4,126,624
Net (Decrease) Increase in Cash		(1,638,809)	2,533,601
Cash on hand and at banks - beginning of the year		3,087,776	554,175
Cash on Hand and at Banks - End of the year	5	1,448,967	3,087,776

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

NOTES TO THE CONOSLIDATED FINANCIAL STATEMENTS

1- General

a- Bindar Trading and Investment Company was established and registered according to the Jordanian Companies Law No. (22) for the year 1997, as a Limited Liability Company under registration No.(6099), on April 17, 2000 with a paid-up capital of JD one million. On August 9, 2004, the Company was transformed into a Public shareholding limited company under No.(351) with a paid-up capital of JD (13) million. The General Assembly decided, in its extraordinary meeting held on March 15, 2008, to increase paid-up capital from JD/share (13) million to JD/share (20) million. The company's address is P.O. Box 1921, Almadena Almunawara Street, Amman 11821 the Hashemite Kingdom of Jordan.

b- The main objectives of the Company are as follows:

1. Trading and financing durable goods of machinery, equipment, vehicles and cars; and selling them for cash and/or installments and/or through finance lease method.

2. Acquiring the transferable and non-transferable money to enable the Company to perform its operations.

3. Establishing branches, offices, and agencies to achieve its objectives according to laws and regulations inside or outside Jordan.

4. Borrowing the required funds from banks.

c. The Company's shares are listed on Amman Stock Exchange.

d. The consolidated financial statements were approved by the Board of Directors on February 9, 2017.

2. Significant Accounting Policies;

Basis of Preparation of the Consolidated Financial Statements:

- The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs and interpretations issued by the committee of IASB).

- The consolidated financial statements are stated in Jordanian Dinar, which represents the functional currency of the Company.

- The consolidated financial statements are prepared in accordance with the historical cost principle, except for financial assets and financial liabilities presented at fair value at the date of the consolidated financial statements.

- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2015, except for what is stated in (note 4-a) to the consolidated financial statements.

Basis of Consolidated Financial Statements

- The accompanying consolidated financial statements include the financial statements of the Company and its subsidiary companies. Transactions and balances between the Company and its subsidiaries are eliminated when preparing the consolidated financial statements.

The Company owns the following subsidiaries as of December 31, 2016 and 2015:

Company Name	Paid-up Capital	Ownership Percentage	Nature of Operation	Country of Operation	Ownership Date
	JD	%			
ıyan Trading Agencies and nvestment Company	50,000	100	Investment	Jordan	March 28, 2006
ıkeen for Investment Company	30,000	100	Investment	Jordan	March 11, 2011
ndar Finance Leasing Company	1,000,000	100	Financial Leasing	Jordan	September 29, 2013

The following table illustrates the financial position and financial performance of the subsidiaries as of December 31, 2016 and 2015:

	December 31, 2016			
	Total Assets	Total Liabilities	Total Revenue	(Loss) Profit for the Year
	JD	JD	JD	JD
A'ayan Trading Agencies and Investment Company	784,639	998,258	-	(3,284)
Rakeen for Investment Company	1,929,869	2,520,407	-	(3,158)
Bindar Finance Leasing Company	1,020,223	1,080	7,576	1,487

	December 31, 2015			
	Total Assets	Total Liabilities	Total Revenue	(Loss) Profit for the Year
	JD	JD	JD	JD
A'ayan Trading Agencies and Investment Company	760,378	970,712	-	(247,652)
Rakeen for Investment Company	1,927,371	2,514,752	-	(429,765)
Bindar Finance Leasing Company	1,020,274	3,098	14,262	7,533

Control exists when the Company has the power to control the financial and operating policies of the subsidiaries in order to obtain benefits from their activities. All transactions, balances, revenue and expenses between the Company and its subsidiaries are eliminated.

The results of operations of the subsidiaries are consolidated in the consolidated statement of income and comprehensive income from the date of acquisition, which represents the date when control over the subsidiaries is passed on to the Company. Moreover, the results of operations of the disposed of subsidiaries are consolidated in the consolidated statement of income and comprehensive income until the disposal date, which represents the date when the Company loses control over the subsidiaries.

The financial statements of the subsidiaries relating to the same fiscal year of the Company are prepared using the same accounting policies adopted by the Company. In case the subsidiaries' accounting policies differ from those adopted by the Company, necessary adjustments to the financial statements of the subsidiaries have to be made in order to match those applied by the Company.

The following are the most significant accounting policies:

a. Accounts Receivable

- Accounts receivable are stated at net realizable value after deducting a provision for doubtful debts.

- A provision for doubtful debts is booked when there is objective evidence that the Company will not be able to recover whole or part of the due amounts at the end of the year. When the Company collects previously written-off debts, it recognizes the collected amounts in other revenues in the consolidated statement of income and comprehensive income. Furthermore, revenue and commission from doubtful debts are suspended and recognized as revenue upon collection.

- Moreover, debts are written-off when they become uncollectible or are derecognized.

b. Properties and Equipment:

- Properties and equipment are stated at cost net of accumulated depreciation and any accumulated impairment, except for land, which is not depreciated. Acquisition cost includes the cost directly related to acquisition of the assets. Parts of properties and equipment with different useful lives are treated as separate items.

- The depreciation expense is charged to the consolidated statement of income and consolidated statement of comprehensive income according to the straight-line method over their expected useful lives using the following annual rates:

Item	Annual Depreciation Rate
Cabling and preparatory works	20%
Furniture and fixtures	12%
Computers	20%
Vehicles	15%
Office Supplies	15%

- When the recoverable amount of property and equipment is less than their book value, the Company decreases the value of property and equipment to the recoverable amount, and the impairment loss is recorded in the consolidated statement of income and comprehensive income.

- The useful life of property and equipment is reviewed at the end of each year. If the expected useful life differs from previous estimates, the change in the estimates for upcoming years is treated as a change in estimates.

c. Financing revenues

Financing revenue is realized based on the accrual basis, using the effective interest rate method.

A Murabaha contract involves selling a commodity at the original price at which it was bought by the seller (i.e. the Company) with an agreed marginal profit. Alternatively, the sale might be a Murabaha coupled with a promise on the customer's part. That is, the Company does not buy the commodity unless the customer has shown his desire and promised to buy it. In this case, the sale is known as (Murabaha with a Re-Purchase Order).

Murabaha receivables are recognized upon occurrence at nominal value, and measured at the end of the financial year based on the net expected cash inflows.

d. Deferred Income:

Deferred income is recognized for the term exceeding the current financial year, by distributing it over future financial years for the term, whereby profit for each financial year is allocated regardless of whether payment is received or not.

e. Interest Expense

Bank interest expense is recognized periodically through reviewing the remaining balance and effective interest rate according to the accrual basis.

f. Foreign Currencies Transactions

Transactions in foreign currencies are booked in Jordanian dinar at the exchange rates prevailing at the date of the transactions. Assets and liabilities in foreign currencies are converted to Jordanian dinar at the exchange rates prevailing at the consolidated statement of financial position date. Moreover, the resulting exchange differences are taken to the consolidate statement of income and comprehensive income.

g. Income Tax

- Income tax expenses represent accrued as well as deferred taxes.

- Accrued tax expenses are calculated based on taxable income, which differs from that included in the financial statements. Moreover, declared income includes tax-exempt income, expenses not deductible in the fiscal year but deductible in subsequent years, tax-accepted losses, or tax- unexempt or tax-deductible items.

- Taxes are calculated according to the tax rates prescribed by the tax laws and regulations in force in Jordan.

- Deferred tax assets or liabilities are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value on the basis of which taxable income is calculated. Moreover, deferred taxes are calculated according to the tax rates expected to be applied upon settlement of the tax liability and realization of deferred tax assets.

- Deferred tax assets or liabilities are reviewed as of the consolidated statement of financial position date and reduced if expected not to be utilized, wholly or partially upon tax settlement.

h. Provision for Contingent Liabilities

A provision is recognized when the Company has an obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

i. Offsetting

- Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated 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.

j. Segment Information

- An operating segment is a group of assets and operations that jointly renders of products or services subject to risks and returns different from those of other business sectors.

- Geographical segment relates to rendering products or services in a specific economic environment subject to specific risks and returns different from those relating to other economic environments.

k. Financial assets at fair value through profit and loss

- Financial assets at fair value through profit and loss represent shares and bonds held by the Company for trading and achieving gains from short-term market price fluctuations.

- Financial assets at fair value through profit and loss are initially stated at fair value on the acquisition date (purchase costs are recorded in the consolidated statement of income upon purchase). They are subsequently re-measured to fair value as of the date of the consolidated financial statement. Moreover, change in fair value is recorded in the statement of income and other comprehensive income, including the change in fair value resulting from foreign currency exchange transactions of non-monetary assets.

- Dividends or incurred interest are stated in the consolidated statement of income and comprehensive income.

l. Investment Properties

- Investment properties are stated at cost net of accumulated depreciation and any impairment in their value, and are disclosed their fair value. Furthermore, these investments are depreciated based on their useful lives at an annual rate of 2%. Any impairment in their value is taken to the consolidated statement of income and other comprehensive Income, while operating revenues and expenses relating to this investment are recognized in the consolidated statement of income and other comprehensive income.

- If the fair value of the investments for which an impairment provision has been taken in the previous periods increases, the previously recorded are recovered impairment losses at no more than their cost.

M. Cash and Cash Equivalents

- Cash and cash equivalents comprise cash on hand and at banks and deposits at banks maturing within three months, less due to banks and restricted balances.

3. Accounting Estimates

- Preparation of the consolidated financial statements and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities and disclosures on contingent liabilities. These estimates and judgments impact revenues, expenses, and provisions. In particular, this requires from the Company's management to issue significant judgments for estimating the amounts of future cash flows and their timing. These estimates are necessarily based on several assumptions and factors with varying degrees of consideration and uncertainty. Actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

  Management believes that the estimates in the consolidated financial statements are reasonable.

- A provision for contingent liabilities against the Company is based on a legal study conducted by the Company's lawyer according to which probable future risks are determined. Such studies are reviewed periodically.

- A provision for accounts receivable is made according to the various assumptions and bases adopted by management to evaluate the required provision as per International Financial Reporting Standards.

- Management periodically reviews the useful lives of tangible assets to calculate annual depreciation based on the general condition of those assets and their estimated useful lives in the future. Moreover, impairment loss is taken to the consolidated statement of income and other comprehensive income.

- The financial year is charged with its share from income tax according to the prevailing regulations and the International Financial Reporting Standards.

- A provision for lawsuits against the Company is based on a legal study conducted by the Company's lawyer according to which probable future risks are determined. Such studies are reviewed periodically.

- Management reviews the financial assets, shown at amortized cost, to evaluate any impairment in their value. Such impairment is taken to the consolidated statement of income and other comprehensive income.

- Fair value hierarchy: The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e. assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

4. <u>Adoption of New and Revised International Financial Reporting Standards (IFRSs)</u>

4. a. <u>New and revised IFRSs applied with no material effect on the consolidated financial statements:</u>

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2016, have been adopted in these consolidated financial statements. Moreover, the application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 Regulatory Deferral Accounts

- Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative.

- Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations.

- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortization.

- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants.

- Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities.

- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

4. b. New and revised IFRSs in issue but not yet effective and not early adopted

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	**Effective for annual periods beginning on or after**
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018; the amendment to IFRS 12 for annual periods beginning on or after January 1, 2017
Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealized losses.	January 1, 2017
Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	January 1, 2017
IFRIC 22 *Foreign Currency Transactions and Advance Consideration* The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary.	January 1, 2018
Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions.	January 1, 2018
Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	January 1, 2018
Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	January 1, 2018
Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied

IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014) IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013, to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014, mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.	January 1, 2018

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39. However, there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment**: The 2014 version of IFRS 9 introduces an expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised .

- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition**: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Amendments to IFRS 15 *Revenue from Contracts* with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	January 1, 2018

IFRS 15 *Revenue from Contracts with Customers* In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: • Step 1: Identify the contract(s) with a customer. • Step 2: Identify the performance obligations in the contract. • Step 3: Determine the transaction price. • Step 4: Allocate the transaction price to the performance obligations in the contract. • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises its revenues when (or as) the performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	January 1, 2018
IFRS 16 *Leases* IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	January 1, 2019
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely

Management of the Group anticipates that these new standards, interpretations and amendments will be adopted in the Company's consolidated financial statements as and when they are applicable; and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the consolidated financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Company's consolidated financial statements for the annual period beginning 1 January 2019.

The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Company's consolidated financial statements in respect of revenue from contracts with customers and the Company's consolidated financial assets and financial liabilities. Moreover, the application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Company's consolidated financial statements in respect of its leases.

However, it is not predicable to provide a reasonable estimate of the effects of the application of these standards until the Company performs a study in this regard.

5- Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Cash on hand	133,802	29,531
Current accounts at banks	1,315,165	3,058,245
	1,448,967	3,087,776

6- Receivable – Net

This account represents the amounts due from the Company's customers for Murabaha financing of vehicles, real estate and others. It includes the principal plus Murabaha amounts on financing. The details of this item for the year are as follows:

	December 31,	
	2016	2015
	JD	JD
Due and overdue receivables	4,968,806	4,299,673
Maturing during a year	16,613,656	18,283,431
Maturing during more than a year and less than five years	20,509,108	16,363,513
	42,091,570	38,946,617
Less:		
Provisions for impairment in due and overdue receivables *	(2,473,857)	(2,361,235)
Deferred revenue within undue receivables	(6,241,470)	(5,581,101)
	33,376,243	31,004281

- Part of receivables of JD 17,321,752 is provided as guarantees against loans granted to the Company by banks.

- The receivables are fully guaranteed by customers through mortgages, notes payable, or checks for the full amounts of Murabaha financing.

* The movement on the provision for impairment on due and overdue receivables is as follows:

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Balance at the beginning of the year	2,361,235	2,287,749
Provided during the year	112,622	73,486
Balance at the end of the year	2,473,857	2,361,235

- For amounts overdue for more than 12 months, the Company takes a provision of 20% to 100% of the overdue amounts, after considering customers' guarantees.

- The details of receivables' balances with lawsuits raised against customers for the collection of overdue amounts are as follows:

	December 31, 2016		December 31, 2015	
	Accrued and Overdue Installments Receivables	Total Installments	Accrued and Overdue Installments Receivables	Total Installments
	JD	JD	JD	JD
Receivables – lawsuits *	4,052,460	6,471,076	3,345,988	5,876,390
	4,052,460	6,471,076	3,345,988	5,876,390

- Total due and overdue receivables amounted to JD 4,968,806, representing 12% of total receivables for the year (JD 4,299,653, representing 11% at the end of the previous year).

* The booked provision for receivables' balance with lawsuits against customers amounted to JD 2,416,877 as of December 31, 2016 (JD 2,232,636 as of December 31, 2015).

7- Other Debit Balances

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Prepaid expenses	126,733	208,699
Refundable deposits	45,410	20,496
Employees' receivable	5,357	6,371
Advances to suppliers	6,188	90,418
Other	21,000	40,389
	204,688	366,373

8- Financial Assets at Fair Value through Profit and Loss

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Companies shares (Outside the Kingdom) *	82,799	108,521
	82,799	108,521

* These shares represent 346K shares in Al Soor Company for Financing and Trading, LL. - Kuwait, representing ownership of 0.07 %, and valued based on similar prices.

9- Cash Margins against Loans and Credit Facilities

This item represents the restricted cash balances at banks against credit facilities provided to the Company:

	December 31,	
	2016	2015
	JOD	JOD
Jordan Ahli Bank *	1,596,994	1,583,930
Arab Banking Corporation *	277,553	269,337
Egyptian Arab Land Bank *	30,553	-
	1,905,100	1,853,267

* The average interest rate on the cash margin balances is 3% annually.

10- Investment in Properties - Net

- The average fair value of investments properties as estimated by independent experts amounted to JD 2,724,555 as of December 31, 2016.

- Investment properties include lands of JD 2,347,748, mortgaged against credit facilities as of December 31, 2016.

The movement on this account during the year was as follows:

	December 31,	
	2016	2015
	JD	JD
Balance as of January 1st,	2,687,749	3,360,484
Depreciation during the year	(6,800)	(6,802)
Recovered/(Losses) from impairment in property investments	6,800	(665,933)
	2,687,749	2,687,749

11- Property and Equipment – Net:

This item consists of the following:

	Cabling and Preparatory Works	Furniture and Fixtures	Computers	Vehicles	Office Supplies	Total
the year ended December 31, 2016	JD	JD	JD	JD	JD	JD
st:						
lance – beginning of the year	89,711	320,356	214,758	45,069	110,434	780,328
ditions	-	45,515	7,779	-	12,429	65,723
sposals	-	(1,090)	(7,138)	(9,321)	(5,651)	(23,200)
alance – end of the year	89,711	364,781	215,399	35,748	117,212	822,851
Accumulated Depreciation :						
Balance – beginning of the year	89,174	164,227	124,145	3,048	75,156	455,750
Depreciation during the year	232	41,725	27,898	5,712	12,523	88,090
Disposals	-	(1,090)	(7,138)	(1,165)	(5,650)	(15,043)
Balance – end of the year	89,406	204,862	144,905	7,595	82,029	528,797
Net book value of property and equipment	305	159,919	70,494	28,153	35,183	294,054
For the year ended December 31, 2015						
Cost:						
Balance – beginning of the year	89,331	315,835	137,808	43,732	104,921	691,627
Additions	380	4,521	76,950	45,071	5,513	132,435
Disposals	-	-	-	(43,734)	-	(43,734)
Balance – end of the year	89,711	320,356	214,758	45,069	110,434	780,328
Accumulated Depreciation :						
Balance – beginning of the year	85,531	127,164	98,914	18,636	64,110	394,355
Depreciation during the year	3,643	37,063	25,231	7,970	11,046	84,953
Disposals	-	-	-	(23,558)	-	(23,558)
Balance – end of the year	89,174	164,227	124,145	3,048	75,156	455,750
Net book value of property and equipment	537	156,129	90,613	42,021	35,278	324,578
Annual depreciation %	20%	12%	20%	15%	15%	

- Properties and equipment include fully depreciated assets of JD 207,099 as of December 31, 2016 (JD 222,376 as of December 31, 2015).

12- Payables and Other Credit Balances

This item consists of the following:

	December 31, 2016	December 31, 2015
	JD	JD
Sales tax provision	22,462	12,486
Accrued interest on bonds	126,795	135,454
Trade payables	115,059	139,822
Dividends payable	212,242	37,052
Insurance premiums received in advance	42,789	87,124
Accrued expenses	87,009	50,359
Board of Directors' remunerations payable	28,333	35,000
Vacation provision	33,202	16,798
Investments contracts retentions *	-	1,013,280
Other	1,666	10,105
	669,557	1,537,480

* This item represents a cash investment management contract signed between Bindar Trading and investment Company and some of its customers during 2015. The contract is for managing and investing funds, according to Sharia (Islamic Law), in the agreed fields and based on the agreed amount. The agreements were cancelled during 2016, and all related amounts refunded to the concerned persons.

13- Loans

This item consists of the following:

	December 31, 2016			December 31, 2015		
	Short-term Installments	Long-term Installments	Total	Short-term Installments	Long-term Installments	Total
	JD	JD	JD	JD	JD	JD
Loans	7,308,777	3,288,838	10,597,615	6,773,888	3,272,430	10,046,318
	7,308,777	3,288,838	10,597,615	6,773,888	3,272,430	10,046,318

- Terms and conditions of the outstanding loans and credit facilities from banks were as follows:

Facilities type	Maturity date	Facility Limit	December 31, 2016	December 31, 2015
		JD	JD	JD
Declining bank loan	March 30,2019	2,000,000	1,676,816	2,119,602
Declining bank loan	March 1, 2018	1,000,000	717,708	-
Declining bank loan	February 28, 2016	-	-	21,000
Declining bank loan	July 8, 2020	2,000,000	1,500,000	1,849,093
Declining bank loan	April 30, 2017	1,000,000	138,236	471,925
Declining bank loan	February 28, 2018	-	447,796	132,209
Declining bank loan	May 31, 2017	2,000,000	-	315,278
Declining bank loan	February 28, 2016	-	-	111,111
Declining bank loan	April 30, 2019	1,500,000	1,235,379	417,885
Renewal loan	November 17,2017	1,500,000	231,809	807,128
Renewal loan	November 1, 2017	3,000,000	2,882,842	2,376,270
Renewal loan	November 17,2017	500,000	291,671	-
Renewal loan	November 17,2017	1,500,000	1,475,358	1,424,817
			10,597,615	10,046,318

- These banks loans and credit facilities are guaranteed against mortgage on land and buildings owned by subsidiary companies for JD 2,347,749, plus promissory notes signed by customers for a nominal amount of JD 17,321,752.

- The average interest rate on the above loans ranges from 8% to 9.25%.

14- Bonds

This item represents bonds issued by the Company on March 10, 2015 for five years at an annual interest rate of 8.9% for the first two years and an interest rate variable every six months for the remaining period based on the lending interest rate for the best customers of banks plus 1% risk margin. Moreover, interest is payable on March 10 and September 10 annually, and bonds mature on March 10, 2020 as follows:

Companies	Number of bonds	Gross value
		JD
Invest Bank	80	2,000,000
Jordan Commercial Bank	60	1,500,000
Union Bank	20	500,000
Global Investment House- Jordan	20	500,000
Social Security Corporation – Investment Fund	20	500,000
	200	5,000,000

15- Statutory Reserve

This amount represents the accumulated appropriations from income before tax at a rate of 10% according to the Jordanian Companies Law. This amount may not be distributed to partners.

16- Other Operating Income

This item consists of the following:

	2016	2015
	JD	JD
Late payment of installments penalties	178,633	296,654
Administrative commissions	196,420	219,907
Commercial discount	658,415	611,403
Postponement of installment fees	163,082	74,415
Other	201,139	169,863
	1,397,689	1,372,242

17- Salaries and Employees Benefits

This item consists of the following:

	2016	2015
	JD	JD
Salaries and benefits	641,635	695,060
Company's contribution in social security	71,210	72,127
Vacations provision	16,404	289
Health insurance	47,670	54,247
Other	11,090	8,552
	788,009	830,275

18- General and Administrative Expenses

This item consists of the following:

	2016	2015
	JD	JD
Rent	104,939	83,596
Insurance	82,365	71,752
Depreciation on property & equipment and investment properties	94,890	91,752
Bank fees	7,160	7,237
Vehicles expenses	1,884	8,933
Professional and legal fees	70,245	74,133
Board of Directors' transportation allowances	9,750	11,700
General Assembly's meetings expenses	2,915	1,380
Stationary and printing	14,135	16,201
Postage, telecommunication, and internet	47,239	40,248
Electricity and water	24,846	22,910
Licenses and fees	62,603	55,792
Computer expenses	22,532	22,191
Maintenance	4,866	3,181
Security and guarding	-	3,664
Hospitality	13,614	15,482
Cleaning	30,346	23,803
Advertising	24,399	51,018
Advertisement materials	12,215	17,486
Promotional expense	-	28,415
Donations	1,483	3,220
Travel and transportation	61,185	46,820
Commissions	85,321	37,505
Other	19,955	15,683
	798,887	754,102

19- Income Tax

A- Income Tax Provision

The movement on the income tax provision is as follows:

	2016	2015
	JD	JD
Balance at the beginning of the year	476,301	1,856,509
Prior years' income tax	-	32,710
Provided during the year	633,483	597,004
Income tax paid	(810,971)	(2,009,922)
Balance at the end of the year	298,813	476,301

B- The income tax expense in the consolidated statement of income and other comprehensive income is as follows:

	2016	2015
	JD	JD
Accrued income tax	633,483	629,714
Effect of deferred tax assets	(27,047)	256,032
	606,436	885,746

C- Deferred tax assets arising from time differences for income tax paid on provisions taken in the Company's accounts are stated according to International Accounting Standard No. (12). Movement on deferred tax assets was as follows:

	December 31,	
	2016	2015
	JD	JD
Balance at the beginning of the year	2,388,320	3,455,104
Provided during year	112,694	73,630
Released during year	-	(1,140,414)
	2,501,014	2,388,320
Tax Percentage	24%	24%
Balance at the end of year	600,244	573,197

Movement on deferred tax assets was as follows:

December 31, 2016	Beginning Balance for the Year	Additions	Released Amounts	Ending Balance for the Year 2016	Deferred Tax Assets
	JD	JD	JD	JD	JD
Provision for doubtful debts	2,361,235	112,622	-	2,473,857	593,726
Impairment of Murabaha loans for other	27,085	72	-	27,157	6,518
	2,388,320	112,694	-	2,501,014	600,244

December 31, 2015	Beginning Balance for the Year	Additions	Released Amounts	Ending Balance for the Year 2016	Deferred Tax Assets
	JD	JD	JD	JD	JD
Provision for doubtful debts	2,287,749	73,486	-	2,361,235	566,697
Impairment of Murabaha loans for others	26,941	144	-	27,085	6,500
Stock losses provision for the years 2009 and 2010	1,140,414	-	(1,140,414)	-	-
	3,455,104	73,630	(1,140,414)	2,388,320	573,197

D- Tax status of the Company and its subsidiaries until the end of 2016:

- Bindar Trading and Investment Company (parent company) reached a final settlement with the Income and Sales Tax Department up to the year 2014. Moreover, the Company submitted its income tax return for the year 2015 and paid the due tax on time.

- Rakeen for Investment Company (subsidiary company) reached a final settlement with the Income and Sales Tax Department up to the year 2013. Moreover, the Company submitted its income tax return for the years 2014 and 2015 and paid the due tax on time.

- A'ayan Trading Agencies and Investment Company (subsidiary company) reached a final settlement with the Income and Sales Tax Department up to the year 2014. Moreover, the Company submitted its income tax return for the year 2015 and paid the due tax on time.

- Bindar Finance Leasing Company (subsidiary company) submitted its income tax returns for the years 2014 and 2015 and paid the due tax on time.

The Company has calculated and booked an income tax provision for the year ended December 31, 2016. In the opinion of the Company's management and its tax consultant, the provision booked is adequate for the tax liabilities as of December 31, 2016.

20. Earnings per Share - Basic and Diluted (JD/Share)

This item consists of the following:

	2016	2015
	JD	JD
Profit for the year related to shareholders	1,888,216	829,166
Number of shares	20,000,000	20,000,000
Earnings per share for the year (basic and diluted)	0.094	0.041

21. Dividends and Proposed Dividends Distribution

A - In its ordinary meeting on April 19, 2016, The General Assembly approved the Board of Directors' recommendation to distribute cash dividends at 4% of capital.

B - On February 9, 2017, the Board of Directors recommended to the General Assembly to distribute 8% of capital, equivalent to JD 1,600,000, as cash dividends to the shareholders for the year 2016.

22. Contingent Liabilities

The Company had contingent liabilities at the date of the consolidated statement of financial position as follows:

	December 31,	
	2016	2015
	JD	JD
Banks letters of guarantee	62,000	43,500

23. Lawsuits Raised Against the Company

Lawsuits against the Company amounted to JD 99,725 as of December 31, 2016 (no lawsuits against the Company as of December 31, 2015). These lawsuits are still before the competent courts. In the opinion of the Company's management and its legal advisor, no provisions are required for these lawsuits.

24. Related Party Transactions and Balances

The salaries and benefits of the Board of Directors and Executive Management amounted to JD 172,220 as of December 31, 2016 (JD 244,896 as of December 31, 2015).

Executive Management Loans

Installments of loans granted to Executive Management and their related accounts are as follows:

	2016	2015
	JD	JD
Receivables	50,274	5,842
Income from Murabaha finance	6,451	87

25- Operating Sectors

a- Information about the Company's Activity-Based Business Sectors is as follows:

The following is information about the Company's activity-based business sectors:

	Financing	Investing	Total For the year Ended December 31, 2016	Total For the year Ended December 31, 2015
	JD	JD	JD	JD
Murabaha revenues	4,227,855	-	4,227,855	3,964,507
Other operating revenues	1,397,689	-	1,397,689	1,372,242
Gross profit from operations	5,625,544	-	5,625,544	5,336,749
Employees' salaries, wages, and benefits	(788,009)	-	(788,009)	(830,275)
General and administrative expenses	(785,645)	(13,242)	(798,887)	(754,102)
Finance costs	(1,386,596)	-	(1,386,596)	(1,259,570)
Impairment from financial assets through profit or loss	-	(25,722)	(25,722)	(21,557)
Provision for doubtful debts	(112,622)	-	(112,622)	(73,486)
Provision from Murabaha loans impairment	(72)	-	(72)	(144)
Bonuses for Board of Directors	(28,333)	-	(28,333)	(35,000)
Other revenues	2,549	-	2,549	18,230
Gain (Losses) in the impairment of property investments	-	6,800	6,800	(665,933)
Profit for the year before tax	2,526,816	(32,164)	2,494,652	1,714,912
Income tax expense	(606,436)	-	(606,436)	(885,746)
Profit for the year	1,920,380	(32,164)	1,888,216	829,166

Other information	Financing	Investing	December 31, 2016	December 31, 2015
	JD	JD	JD	JD
Sector's Assets	37,885,336	2,714,508	40,599,844	40,005,742
Sector's Liabilities	16,564,517	1,468	16,565,985	17,060,099

b. Geographical and Segmental Distribution

The Company's activities are mainly in the Hashemite kingdom of Jordan with no activities abroad.

26. Risk Management

a. Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders. Moreover, it monitors risks and performs the optimal strategic allocation of financial assets and financial liabilities.

The Company adopts a debt – to - shareholders' equity ratio (calculated by evaluating the total liabilities to total shareholders' equity) provided that total liabilities do not exceed the Company's capital. The details are as follows:

	December 31 2016	December 31 2015
	JD	JD
Total Liabilities	16,565,985	17,060,099
Total Shareholders' equity	24,033,819	22,945,643
Ratio of liabilities to equity %	%69	%74

b. Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet its commitments. Moreover, the Company manages liquidity risk through keeping adequate reserves and lines of credits and continuously monitoring forecast and actual cash flows.

The Company manages liquidity risks through maintaining adequate reserves, continuously monitoring forecast and actual cash flows, and matching the maturities of financial assets and financial liabilities.

c. Credit risks

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Moreover, the Company has adopted a policy of dealing with only creditworthy parties to mitigate financial risks resulting from defaults.

The Company's financial assets consisting mainly of receivables, checks under collection, and cash on hand, do not represent significant concentration of credit risks. moreover, debtors are widely spread among customers' categories and their geographical areas. Stringent credit control is also maintained, as each customer's credit limits are monitored separately.

d. Market risk

Market risks represent losses arising from the changes in market prices such as the changes in interest rates, foreign currency exchange rates, prices of equity instruments, and consequently, the changes in the fair value of the cash flows of consolidated financial instruments on- and off- the consolidated statement of financial position.

e. Foreign currency risk

The Company's main transactions are in Jordanian dinar. Moreover, the Company has financial assets at fair value through profit or loss demonstrated in U.S dollar, AED, and Syrian pound.

The Company's currency risk relates to changes in exchange rates applicable to the settlements in foreign currencies. As the Jordanian dinar (the Company's functional currency), is pegged to the US dollar, the Company's management believes that the foreign currency risk is immaterial.

f. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Moreover, the Company continuously manages its exposure to interest rate risk and considers the various scenarios such as financing and renewal of present positions.

The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings and accounts receivable at the statement of financial position date. The analysis is prepared assuming that the amount of accounts receivable, loans and overdraft balances outstanding at the statement of financial position have been outstanding for the whole year. A 1% increase or decrease is used, representing management's assessments as regards interest rates:

	2016		2015	
	%1+	%1-	%1+	%1-
	JD	JD	JD	JD
Profit (loss)	177,786	(177,786)	159,580	(159,580)

27.Fair Value Hierarchy

A. The fair value of financial assets and financial liabilities of the Company specified at fair value on an ongoing basis:

Financial Assets	Fair Value December 31, 2016	Fair Value December 31, 2015	The Level of Fair Value	Evaluation Method and Inputs used	Important Intangible Inputs
	JOD	JOD			
Financial Assets at Fair Value					
Financial Assets at Fair Value Through Profit or Loss:					
Shares with no market prices	82,799	108,521	Level Two	Average market value	Similar price shares
Total	82,799	108,521			

B - Fair value of the Company's financial assets and financial liabilities (non-specific fair value on an ongoing basis):

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the Company's financial statements approximates their fair value:

	December 31, 2016 Book value	December 31, 2016 Fair Value	December 31, 2015 Book value	December 31, 2015 Fair Value	The Level of Fair Value
	JOD	JOD	JOD	JOD	
Financial Assets of Non-specified Fair Value					
Investment properties	2,687,749	2,724,555	2,687,749	2,687,749	Through real estate evaluators
Total Financial Assets of Non-specified Fair Value	2,687,749	2,724,555	2,687,749	2,687,749	

	December 31, 2016 Book value	December 31, 2016 Fair Value	December 31, 2015 Book value	December 31, 2015 Fair Value	The Level of Fair Value
	JOD	JOD	JOD	JOD	
Financial Liabilities of Non-specified Fair Value Bonds	5,000,000	5,162,795	5,000,000	5,135,454	Level Two
Total Financial Liabilities of Non-specified Fair Value	5,000,000	5,162,795	5,000,000	5,135,454	

The fair value of the financial assets and liabilities for level 2 and level 3 was determined in accordance with agreed pricing models, which reflect the credit risk of the parties dealt with.