SABAEK
Invest

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التاريخ : 2017/5/28

To: Jordan Securities Commission
Amman Stock Exchange

السادة هيئة الاوراق المالية
السادة بورصة عمان

Subject: Financial Statements as at 31/12/2016 In English

الموضوع: البيانات المالية كما في 2016/12/31 باللغة الانجليزية

Attached the financial Statements for Sabaek investment Company for the year 2016 In English.

نرفق لكم البيانات المالية الموحدة لشركة سبائك للإستثمار كما هي في 2016/12/31 باللغة الانجليزية.

Kindly accept our high appreciation and respect

وتفضلوا بقبول فائق الإحترام،،،

Sabaekinvest Company

General Manager
Firas Sabbah

شركة سبائك للاستثمار

المدير العام
فراس صباح

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٢٩ أيار ٢٠١٧
الرقم المتسلسل: ٢٧١١
رقم الملف: ٢١٢٧٥
الجهة المختصة: الحج الإدراج العلمية

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Saba'ek For Investment
Public Shareholding Company

Consolidated Financial Statements as at 31 December 2016
Together With
Independent Auditors' Report

Arab Professionals
(Member firm within Grant Thornton International Ltd)

Saba'ek for Investment Company
Public Shareholding Company

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INDEPENDENT AUDITORS' REPORT

To The Shareholders of
Saba'ek Investment Company
Public Shareholding Company
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Saba'ek Investment Company PLC**, which comprise the consolidated statement of financial position as at 31 December 2016, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Hashemite Kingdom of Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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. We have determined that there are no key audit matters to communicate in our report.

Other Information

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

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

In connection with our audit of the 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

Auditor's Responsibilities for the Audit of the Consolidated 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 ISAs, we exercise professional judgment 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 risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent 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 Group 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.

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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.

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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records and the accompanying consolidated financial statements are in agreement therewith and with the consolidated financial data presented in the Board of Directors' report, and we recommend the General Assembly to approve it.

5 February 2017
Amman – Jordan

Ibrahim Hammoudeh
(License No. 606)
Arab Professionals

Arab Professionals
Grant Thornton

Saba'ek Investment Company
Public Shareholding Company
Consolidated statement of financial position as at 31 December 2016

(In Jordanian Dinar)

	Notes	2016	2015
Assets			
Cash and cash equivalents	3	2,335,723	2,740,155
Financial assets measured at fair value through statement of profit or loss		442,615	484,191
Brokerage and other receivables	4	1,854,186	1,302,559
Margin receivables		428,299	831,333
Financial assets measured at fair value through other comprehensive income	5	25,000	25,000
Investment in associates	6	70,274	62,940
Amounts due from related parties	7	50,000	50,910
Brokerage license		187,500	187,500
Investment properties	8	718,554	718,554
Property and equipment	9	48,761	26,660
Deferred tax assets	10	303,938	350,280
Total Assets		6,464,850	6,780,082
Liabilities and Equity			
Liabilities			
Accounts payable		490,099	818,890
Margin payables		389	56,529
Other liabilities	11	5,268	6,531
Total Liabilities		495,756	881,950
Equity	12		
Paid in capital		8,000,000	8,000,000
Statutory reserve		56,389	44,659
Accumulated losses		(2,087,295)	(2,146,527)
Total Equity		5,969,094	5,898,132
Total Liabilities and Equity		6,464,850	6,780,082

"The accompanying notes from (1) to (21) are integral part of these consolidated financial statements"

Saba'ek Investment Company
Public Shareholding Company
Consolidated statement of profit or loss for the year ended 31 December 2016

(In Jordanian Dinar)

	Notes	2016	2015
Brokerage commissions		204,662	239,309
Dividends revenue		16,826	38,115
Credit bank interest		71,295	90,258
Company's share from associate company operations	6	7,334	(2,173)
Profit from sale of financial assets at fair value through profit or loss		22,888	32,932
Change in fair value of financial assets through profit or loss		(8,320)	(17,083)
Margin interest revenue		47,318	23,448
Administrative expenses	13	(315,148)	(330,909)
Depreciation	9	(17,348)	(28,578)
Portfolios management revenue		85,846	1,426
Other income		1,951	757
Profit before income tax		117,304	47,502
Income tax	18	(46,342)	(27,481)
Profit for the year		70,962	20,021
Basic and diluted earnings per share	14	0.009	0.003

"The accompanying notes from (1) to (21) are integral part of these consolidated financial statements"

Saba'ek Investment Company
Public Shareholding Company
Consolidated statement of comprehensive income for the year ended 31 December 2016

	2016	2015
Profit for the year	70,962	20,021
Other Comprehensive income:		
Changes in fair value of financial assets through other comprehensive income	-	-
Total comprehensive income for the year	70,962	20,021

"The accompanying notes from (1) to (21) are integral part of these consolidated financial statements"

Saba'ek Investment Company
Public Shareholding Company
Consolidated statement of changes in equity for the year ended 31 December 2016

(In Jordanian Dinar)

	Paid in capital	Statutory reserve	Retained earnings	Total
Balance at 1 January 2016	8,000,000	44,659	(2,146,527)	5,898,132
Total comprehensive income for the year	-	-	70,962	70,962
Statutory reserve	-	11,730	(11,730)	-
Balance at 31 December 2016	8,000,000	56,389	(2,087,295)	5,969,094
Balance at 1 January 2015	8,000,000	39,909	(2,161,798)	5,878,111
Total comprehensive income for the year	-	-	20,021	20,021
Statutory reserve	-	4,750	(4,750)	-
Balance at 31 December 2015	8,000,000	44,659	(2,146,527)	5,898,132

"The accompanying notes from (1) to (21) are integral part of these consolidated financial statements"

Saba'ek Investment Company
Public Shareholding Company
Consolidated statement of cash flows for the year ended 31 December 2016

(In Jordanian Dinar)

	2016	2015
Operating activities		
Profit before income tax	117,304	47,502
Change in fair value of financial assets through statement of profit or loss	8,320	17,083
Depreciation	17,348	28,578
Company's share from associate company operations	(7,334)	2,173
Changes in working capital		
Financial assets measured at fair value through statement of profit or loss	33,256	289,964
Brokerage and other receivables	(551,627)	(201,067)
Margin accounts	346,894	(774,804)
Accounts payable	(328,791)	366,406
Other liabilities	(1,263)	(9,290)
Amounts due from related parties	910	(910)
Net cash flows used in operating activities	(364,983)	(234,365)
Investing activities		
Property and equipment	(39,449)	(4,725)
Change in cash and cash equivalents	(404,432)	(239,090)
Cash and cash equivalents, beginning of year	2,740,155	2,979,245
Cash and cash equivalents, end of year	2,335,723	2,740,155

"The accompanying notes from (1) to (21) are integral part of these consolidated financial statements"

1. General

Saba'ek Investment Company was established on 5 April 2007 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (435). The Company head office is in the Hashemite Kingdom of Jordan. The Company's main objective is investing in stocks and securities and managing of clients portfolios.

The company shares are listed in Amman Stocks Exchange.

The accompanying consolidated financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 5 February 2017 and it is subject to the General Assembly approval.

2. Summary of significant accounting policies

Basis of preparation

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

The consolidated financial statements have been prepared on historical cost basis except for financial assets at fair value.

The consolidated financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

The accounting policies are consistent with those used in the previous year.

Basis of consolidation

The consolidated financial statements comprise of the financial statements of the parent and its subsidiary where the Company has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from their activities. The financial statements of the subsidiary are prepared for the same reporting year as the Company using consistent accounting policies. All balances, transactions, income, and expenses between the Company and its subsidiary are eliminated.

subsidiary are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The results of operations of the subsidiary are consolidated in the consolidated statement of profit or loss from the acquisition date which is the date on which control over subsidiary is transferred to the Company. The results of operation of the disposed subsidiary are consolidated in the comprehensive income to the disposal date which is the date on which the Company loses control over the subsidiaries.

Non-controlling interest represent the subsidiary equity not owned by the parent shareholders.

The following is the information of the subsidiary that has been consolidated:

Company	Activity	Paid capital	Percentage of ownership	Registration country
Saba'ek for Financial Services	Brokerage services	3,000,000	99,99%	Jordan

Non – controlling interest has not been shown separately in the accompanying consolidated financial statements because of is immaterial.

Adoption of new and revised IFRS standards

The following standards have been published that are mandatory for accounting periods after 31 December 2016. Management anticipates that the adoption of new and revised Standards will have no material impact on the consolidated financial statements of the Company.

Standard No.	Title of Standards	Effective Date
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments)	1 January 2017
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

Use of estimates

Preparation of the consolidated financial statements and the application of accounting polices require the Company's management to estimate and assess some items affecting financial assets and liabilities and to disclose contingent liabilities. These estimates and assumptions also affect certain elements of the Company's assets, liabilities and provisions, and revenue and expenses, and require estimating and assessing the amounts and timing of future cash flows. The aforementioned estimates and assumptions are based on multiple factors with varying degrees of assessment and uncertainty. Moreover, the actual results may differ from the estimates due to the changes resulting from the conditions and circumstances of those estimates in the future.

Management believes that the estimates are reasonable and are as follows:

- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the consolidated statement of profit or loss.
- Management reviews periodically it's financial assets, which presented by cost to estimate any impairment in its value, and an impairment of loss (it founded) is accrued in the consolidated statement of profit or loss.
- A provision for doubtful debts is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short- term highly liquid investments.

Financial assets measured at fair value through statement of profit or loss
It is the financial assets held by the company for the purpose of trading in the near future and achieving gains from the fluctuations in market prices in the short term or trading margins.

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded at the consolidated statement of profit or loss upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the consolidated statement of profit or loss including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the consolidated statement of profit or loss.

Dividends and interests from these financial assets are recorded in the consolidated statement of profit or loss.

Financial assets measured at fair value through other comprehensive income
These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.
Financial assets at fair value through other comprehensive income are initially stated at fair value plus transaction costs at purchase date.
Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the consolidated statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. In case those assets - or part of them- were sold, the resultant gain or loss is recorded in the consolidated statement of comprehensive income within owners' equity and the reserve for the sold assets is directly transferred to the retained earnings and not through the consolidated statement of profit or loss.
These assets are not subject to impairment testing.
Dividends are recorded in the consolidated statement of profit or loss on a separate line item.

Trading and Settlement Date Accounting
Purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits its self to purchase or sell the asset.

Fair value
For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

Investment in associates
Investments in associates are accounted for using the equity method.
The carrying amount of the investment in associates is increased or decreased to recognize the company's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the company.
Unrealized gains and losses on transactions between the company and it's associates are eliminated to the extent of the company's interest in those entities.
Where unrealized losses are eliminated; the underlying assets are also tested for impairment.

Intangible assets

Intangible assets are classified on the basis of whether their useful lives are definite or indefinite. Those with definite useful lives are amortized over their lives and the amortization expense is taken to the consolidated statement of profit or loss. On the other hand, intangible assets with indefinite lives are reviewed for impairment as of the financial statements date, and the impairment loss (if any) is taken to the consolidated statement of profit or loss.
Brokerage license is amortized over their estimated useful lives at 10 years.

Property and Equipment

Property and Equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives using the following annual depreciation rates:

Computers and software	20-25%
Electrical equipment	15-20%
Fixture & Furniture	15-20%

When the expected recoverable amount of any property and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is recorded in the consolidated statement of profit or loss.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of deprecation are consistent with the expected pattern of economic benefits from items of property and equipment.

Investment properties

Property held to earn rentals or for capital appreciation purposes as well as those held for undetermined future use are classified as investment property. Investment property is measured at cost less any accumulated depreciation and any accumulated impairment losses. The cost of constructed property includes the cost of material and any other costs directly attributed to bringing the property to a working condition for its intended use. Borrowing costs that are directly attributed to acquisition and construction of a property are included in the cost of that property.

Accounts payables and accruals

Accounts payable and accrued payments are recognized upon receiving goods or performance of services.

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.

Provisions

Provisions are recognized when the Company has a present 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.

Revenue recognition

Financial assets are recognized on the trading date which is the date the company commits itself to purchase or sell the financial assets.

Commissions income is recognized upon executing the trading for the clients.

Dividends income is recognized when it is declared by the General Assembly of the investee Company.

Other revenues are recognized on the accrual basis.

Provision for end service indemnity

The provision for end of service indemnity is calculated based on the contractual provision of the employment.

Income tax

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Company operates.

Deferred taxes 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 of the taxable amount. Deferred tax is calculated on the basis of the liability method in the statement of financial position date according to the rates expected to be applied when the tax liability is settled or tax assets are recognized. Deferred tax assets are reviewed at the date of the consolidated statement of financial position, and reduced in case it is expected that no benefit will arise therefore, partially or totally.

3. Cash and cash equivalents

	2016	2015
Cash on hand	258	562
Current bank accounts*	624,890	1,250,233
Bank deposits **	910,000	1,200,860
Restricted bank accounts	800,575	288,500
	2,335,723	2,740,155

* The current bank accounts include demand accounts with a total amount of JOD (284,111), and its entitled to a (1%) annual interest.

** Bank deposits mature within 1 to 12 months and it's entitled to interest between (2.75% to 3.9%) annually.

4. Brokerage and other receivables

	2016	2015
Brokerage receivables	1,674,650	1,164,152
Refundable deposits	62,962	62,138
Accrued interest income	32,001	33,750
Prepaid expenses	23,482	24,527
Income tax withholdings	17,181	14,348
Other	43,910	3,644
	1,854,186	1,302,559

5. Financial assets measured at fair value through other comprehensive income

	2016	2015
Investments in unquoted companies shares (in Jordan)	25,000	25,000

6. Investment in associates

This item represents the investment in Saba'ek for General trading and warehousing LLC, the company is registered in Hashemite Kingdom of Jordan's free Zone.
The following table summarizes the movements over the Company's investments in associates:

Company	Beginning Balance	Share of Income	Ending Balance
Saba'ek General Trading and Warehousing LLC	62,940	7,334	70,274

The following table summarizes key financial information of the associates:

Company	Activity	Ownership	Assets	Liabilities	Revenues	Profit for the year
Saba'ek General Trading and Warehousing	Commercial	40%	176,535	850	77,904	18,332

7. Related party transactions

The Company had the following transactions with related party during the year:

Party	Relation	Volume	Nature	Balance
Al – Qanater for commercial investments	Associate	250	Financing	50,000
Saba'ek General Trading Warehousing	Associate	1,615	Financing	-
				50,000

8. Investment properties

	2016	2015
Cost of investment properties (lands)	1,255,732	1,255,732
Provision against impairment of investment properties	(537,178)	(537,178)
	718,554	718,554

- Active local legislation requires finance minister approval before making any action regarding to the investments that have been acquired for less than five years.

- The fair value of these lands wasn't disclosed as of 31 December 2016, because it couldn't be measured reliably, due to the lack of an active market.

9. Property and equipment

	Computers and software	Electrical equipments	Fixture & Furniture	Total
Cost				
Balance at 1/1/2016	72,140	56,381	144,996	273,517
Additions	38,960	489	-	39,449
Balance at 31/12/2016	111,100	56,870	144,996	312,966
Accumulated depreciation				
Balance at 1/1/2016	60,746	53,301	132,810	246,857
Depreciation	5,300	2,248	9,800	17,348
Balance at 31/12/2016	66,046	55,549	142,610	264,205
Net book value at 31/12/2016	45,054	1,321	2,386	48,761
Cost				
Balance at 1/1/2015	67,802	56,086	144,996	268,884
Additions	4,338	660	-	4,998
Disposals	-	(365)	-	(365)
Balance at 31/12/2015	72,140	56,381	144,996	273,517
Accumulated depreciation				
Balance at 1/1/2015	58,171	48,939	111,261	218,371
Depreciation	2,575	4,454	21,549	28,578
Disposals	-	(92)	-	(92)
Balance at 31/12/2015	60,746	53,301	132,810	246,857
Net book value at 31/12/2015	11,394	3,080	12,186	26,660

10. Deferred tax assets

This item is related to the provision of doubt accounts and the accumulated losses from previous years. The probability of recovering these amounts in the future depends on the firm's ability to earn taxable profit and by writing of the provision for the accounts receivable according to the law and regulations.

11. Other liabilities

	2016	2015
Accrued expenses	3,992	3,555
Social security withholdings	1,074	1,117
Income tax withholdings	118	156
Others	84	1,703
	5,268	6,531

12. Equity

Paid - in capital

The Company's authorized, subscribed and paid in capital is (8) million JOD divided equally into (8) million share with par value of JOD (1) per share at 31 December 2016 and 2015.

Statutory Reserve

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. The statutory reserve is not available for distribution to shareholders.

13. Administrative expenses

	2016	2015
Wages, salaries and other benefits	168,517	184,531
Rent	45,120	45,120
Professional fees	23,235	22,870
Fees and subscriptions	21,206	20,610
End of services indemnity	-	2,500
General Companies Controller legal fees	600	600
General Assembly expenses	3,195	3,572
Miscellaneous	53,275	51,106
	315,148	330,909

14. Basic and diluted earnings per share

	2016	2015
Profit for the year	70,962	20,021
Weighted average number of shares	8,000,000	8,000,000
	0.009	0.003

15. Executive management salaries and remunerations

The remuneration of executive management during the years 2016 and 2015 amounted to JOD (40,100) and JOD (35,140) respectively.

16. Segments reporting

The Company's investment in securities, investment in real estate, brokerage activities and client portfolios management are all inside the Hashemite Kingdom of Jordan, and they are segmented as following:

	2016	2015
Revenues generated from investing in securities	31,394	53,964
Revenues generated from managing clients portfolios	85,846	1,426
Revenues generated from brokerage activities	204,662	239,309
Assets used in investing activities in securities	467,615	509,191
Assets used in brokerage activities	2,581,826	3,738,758
Assets used in investing in real estate	718,554	718,554

17. Contingent liabilities

- The company is contingently liable against to bank letters of guarantee amounting to JOD (908,000) with a cash margin amounted to JOD (300,574).

- The subsidiary Saba'ek for Financial Services LLC is contingently liable with the amount of JOD (1,284,201). Management and legal counsel believe that no provision is required against this law suit as the Company has good chance of winning the case.

18. Income Tax

The movement on provision for the income tax during the year is as follows:

	2016	2015
Balance at beginning of the year	-	-
Income tax expense for the year	-	-
Prior years income tax	-	-
Income tax paid	-	-
Balance at end of the year	-	-

Income tax expense for the year in the consolidated statement of profit or loss consists of the following:

	2016	2015
Income tax expense for the year	-	-
Prior years income tax	-	-
Deferred tax assets	46,342	27,481
	46,342	27,481

The following is the reconciliation between declared income and taxable income:

	2016	2015
Declared income	70,962	20,021
Tax exempted income	(144,700)	(134,086)
Non taxable expenses	2,410	18,258
Taxable income	(71,328)	(95,807)
Income tax rate	14%	14%
Effective interest rate	-	-

- The Company has settled its tax liability with Income Tax Department up to the year ended 2011.
- The income tax returns for the years (2012-2015) has been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- No income tax provision has been taken on the Company's results of operations for the year 2016 as there are taxable accumulated losses.
- The income tax provision on the Subsidiary's results for the year 2016 was calculated in accordance with the income tax law.

19. Analysis of the Maturities of Assets and Liabilities

The following table illustrates the analysis of assets and liabilities according to the expected period of their recoverability or settlement.

2016	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	2,335,723	-	2,335,723
Financial assets measured at fair value through statement of profit or loss	442,615	-	442,615
Brokerage and other receivables	1,854,186	-	1,854,186
Margin receivables	428,299	-	428,299
Financial assets measured at fair value through other comprehensive income	-	25,000	25,000
Investment in associates	-	70,274	70,274
Amounts due from related parties	-	50,000	50,000
Brokerage license	-	187,500	187,500
Investment properties	-	718,554	718,554
Property and equipment	-	48,761	48,761
Deferred tax assets	-	303,938	303,938
Total Assets	5,060,823	1,404,027	6,464,850
Liabilities			
Accounts payable	490,099	-	490,099
Margin payables	389	-	389
Other liabilities	5,268	-	5,268
Total Liabilities	495,756	-	495,756

2015	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	2,740,155	-	2,740,155
Financial assets measured at fair value through statement of profit or loss	484,191	-	484,191
Brokerage and other receivables	1,302,559	-	1,302,559
Margin receivables	831,333	-	831,333
Financial assets measured at fair value through other comprehensive income	-	25,000	25,000
Investment in associates	-	62,940	62,940
Amounts due from related parties	-	50,910	50,910
Brokerage license	-	187,500	187,500
Investment properties	-	718,554	718,554
Property and equipment	-	26,660	26,660
Deferred tax assets	-	350,280	350,280
Total Assets	5,358,238	1,421,844	6,780,082
Liabilities			
Accounts payable	818,890	-	818,890
Margin payables	56,529	-	56,529
Other liabilities	6,531	-	6,531
Total Liabilities	881,950	-	881,950

20. Financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, accounts receivables and securities. Financial liabilities of the Company include accounts payable and other liabilities.

Fair Value

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

2016	Level 1	Level 2	Level 3	Total
Financial assets at fair value through statement of profit or loss	442,615	-	-	442,615
Financial assets at fair value through other comprehensive income	-	-	25,000	25,000
	442,615	-	25,000	467,615

2015	Level 1	Level 2	Level 3	Total
Financial assets at fair value through statement of profit or loss	484,191	-	-	484,191
Financial assets at fair value through other comprehensive income	-	-	25,000	25,000
	484,191	-	25,000	509,191

Financial assets included in level 3 are stated at cost less impairment charges, as the fair value of these assets cannot be measured reliably due to the lack of available active markets for identical assets.

Credit Risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

Currency Risk

The management considers that the Company is not exposed to significant currency risk. The majority of their transactions and balances are in either Jordanian Dinar or US Dollar. As the Jordanian Dinar is pegged to the US Dollar, balances in US Dollar are not considered to represent significant currency risk and the Company's results or equity to movements in exchange rates is not considered significant.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its net financial obligation. In this respect, the Company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, and cash equivalents and quoted securities.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the financial position date to the contractual maturity date.

2016	Less than one year	More than one year	Total
Accounts payable	490,099	-	490,099
Margin payables	389	-	389
Other liabilities	5,268	-	5,268
	495,756	-	495,756

2015	Less than one year	More than one year	Total
Accounts payable	818,890	-	818,890
Margin payables	56,529	-	56,529
Other liabilities	6,531	-	6,531
	881,950	-	881,950

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments.
The sensitivity of the Company's results or equity to movements in interest rates is not considered significant.

Equity Price Risk

Equity price risk results from the change in the fair value of equity securities. The Company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the consolidated statement of comprehensive income for the year 2016 would have been reduced / increased by JOD (44,262) (2015: JOD 48,419).

21. Capital Management

The Company manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders by pricing products and services commensurately with the level of risk.