COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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(PUBLIC SHAREHOLDING COMPANY)

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consilidated financial position of Comprehensive Leasing Company (the "Company") and its subsidiaries (later "the Group") as at 31 December 2017 and its consilidated financial performance and its consilidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements that comprise:

- the consolidated statement of financial position as at 31 December 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 *"Auditors' responsibilities for the audit of the consolidated financial statements"* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our ethical responsibilities in accordance with the IESBA Code.

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Our audit approach

Overview

Key audit matters	Provision for impairment of investment in finance lease contracts and instalment sale receivables

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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 period. 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.

Key audit matters	How we responded to key audit matters
Provision for impairment of investment in finance lease contracts and instalment sale receivables As explained in the accounting policy (2-10) and note 4 "Critical Accounting Estimates and Judgments", the management determines the amount of the provision for impairment of investment in finance lease contracts and instalment sale receivables using the accounting policy (2-10) as the management reviews contracts individually or as a group to determine whether there are indications of impairment, like the debtor's inability to pay for a certain period of time. If such indications exist, the management estimates the impairment based on its estimates of the recoverable amount of the assets mortgaged for the Group.	We followed the below steps to evaluate the reasonability of the management's estimation of the provision for impairment of investment in finance lease contracts and instalment sale receivables: • Evaluate the management's approach used to determine the provision value. • Evaluate the key assumptions used based on our understanding of the Group and its industry. • Evaluate the management's approach to determine the debtor's classification and the method of estimating the present value of the recoverable amount of the assets mortgaged for the Group when sold. • Examine a sample of clients classified by the management as defaulters to evaluate the reasonability of their classification.

There is the risk of misestimating this provision by the management which may lead to a material misstatement in the consolidated financial statements which may be resulted from an inappropriate use of the available information to determine the provision value. As explained in notes (8) and (9) of the consolidated financial statements, the management estimated the value of the provision for impairment of investment in finance lease contracts and instalment sale receivables at JD 1,847,768. Net Group's investment in finance lease contracts and instalment sale receivables amounted to JD 62,511,539 which represents 90.6% of the Group's total assets as at 31 December 2017.	• Examine a sample of sales of certain assets mortgaged by the management and compare the amounts collected with the management's previous estimations. • Review a sample of the management's estimates of the recoverable amount on selling the asset to evaluate its reasonability. • Examining certain relevant procedures and internal control systems used by the management. • Examine the procedures used by the management to determine the provision amount as at 31 December 2017.

Other information

Management is responsible for the other information. Other information include all the information in the Company's annual report of 2017, except for the consolidated financial statements and the auditor's report. We were not provided with the other information to the date of our report and it is expected to be provided to us after that date.

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.

When we review the other information which we were not provided with yet and if we concluded significant misstatements, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the effective laws in the Hashemite Kingdom of Jordan, and for such internal control as management determines is necessary to enable the preparation of the 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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 scepticism 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 Group'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 Group'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 Group 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.

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 laws or 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 Group duly maintains proper books of accounts which are consistent, in all material aspects, with the accompanying consolidated financial statements. We recommend the General Assembly to authorize them.

Certified Public Accountants
PwC
Amman - Jordan

PricewaterhouseCoopers "Jordan" L.L.C.

Amman, Jordan
31 January 2018

COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017	2016
		JD	JD
Assets			
Non-current assets			
Software	5	35,911	42,376
Property and equipment	6	2,400,684	159,389
Investment properties	7	3,362,291	4,959,696
Non-current portion of net investment in finance lease contracts	8	22,874,645	9,634,541
Non-current portion of instalment sale receivables	9	7,408,443	11,949,515
		36,081,974	26,745,517
Current assets			
Current portion of net investment in finance lease	8	20,316,224	15,230,211
Current portion of instalment sale receivables	9	11,912,227	11,422,853
Financial assets at fair value through income statement	10	268,134	500,223
Other receivables	11	181,421	220,930
Cash and cash equivalents	12	201,359	426,962
		32,879,365	27,801,179
Total assets		68,961,339	54,546,696
Shareholders' Equity and Liabilities			
Shareholders' Equity	13		
Paid-in capital		7,000,000	7,000,000
Statutory reserve		1,750,000	1,750,000
Voluntary reserve		21,549	21,549
Retained earnings		5,128,206	3,659,275
Total shareholders' equity		13,899,755	12,430,824
Liabilities			
Non-current liabilities			
Long-term borrowings	14	21,041,013	15,137,230
Current liabilities			
Current portion of long-term borrowings	14	22,199,701	17,542,336
Banks overdrafts	15	9,813,628	7,877,094
Trade and other payables	16	1,122,537	813,946
Rent received in advance		170,091	157,423
Income tax provision	17	714,614	587,843
		34,020,571	26,978,642
Total liabilities		55,061,584	42,115,872
Total shareholders' equity and liabilities		68,961,339	54,546,696

The attached notes from 1 to 27 are an integral part of these consolidated financial statements

COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		JD	JD
Net revenue from finance lease contracts	18	5,636,998	3,305,540
Net revenue from instalment sale	19	3,074,694	3,789,180
Interests expense		(3,482,598)	(2,828,916)
Gross profit		5,229,094	4,265,804
Administrative expenses	20	(1,988,121)	(1,651,678)
Other income	21	224,172	208,903
Other gains	22	69,334	61,837
Profit for the year before tax		3,534,479	2,884,866
Income tax	17	(805,548)	(603,018)
Profit for the year		2,728,931	2,281,848
Other comprehensive income items		-	-
Total comprehensive income for the year		2,728,931	2,281,848
Earnings per share:			
Basic and diluted earnings per share from the profit for the year attributable to the Company's shareholders		38.9%	32.6%

The attached notes from 1 to 27 are an integral part of these consolidated financial statements

COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED Statement Of CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Paid – in capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
	JD	JD	JD	JD	JD
2017					
Balance as at 1 January 2017	7,000,000	1,750,000	21,549	3,659,275	12,430,824
Profit for the year	-	-	-	2,728,931	2,728,931
Dividends distribution (note 26)	-	-	-	(1,260,000)	(1,260,000)
Balance as at 31 December 2017	7,000,000	1,750,000	21,549	5,128,206	13,899,755
2016					
Balance as at 1 January 2016	7,000,000	1,711,968	21,549	2,605,459	11,338,976
Profit for the year	-	-	-	2,281,848	2,281,848
transferred to statutory reserve	-	38,032	-	(38,032)	-
Dividends distribution (note 26)	-	-	-	(1,190,000)	(1,190,000)
Balance as at 31 December 2016	7,000,000	1,750,000	21,549	3,659,275	12,430,824

The attached notes from 1 to 27 are an integral part of these consolidated financial statements

COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
31 DECEMBER 2017

	2017	2016
	JD	JD
Operating activities		
Profit for the year before tax	3,534,479	2,884,866
Adjustments for:		
Depreciation and amortization	138,206	119,214
Doubtful receivable expense	513,226	361,777
Interests expense	3,482,598	2,828,916
Profit from sale of financial assets at fair value through income statement	(56,882)	-
Changes in working capital:		
Change in fair value of financial assets through income statement	13,661	(45,161)
Investment in finance lease contracts	(18,375,449)	(2,700,939)
Instalment sale receivables	3,587,804	(5,544,205)
Other receivables	39,509	(63,690)
Rent received in advance	12,668	(10,256)
Trade and other payables	308,591	184,499
Cash flows used in operating activities before income tax paid	(6,801,589)	(1,984,979)
Income tax paid	(678,777)	(532,180)
Net cash flows used in operating activities	(7,480,366)	(2,517,159)
Investing activities		
Purchase of shares	(30,925)	-
Proceeds from sale of shares	306,235	-
Purchase of investment properties	-	(1,541,495)
Purchase of software	(6,435)	(8,245)
Proceeds from sale of property and equipment	30,155	1,386
Purchase of property and equipment	(799,351)	(26,134)
Net cash flows used in investing activities	(500,321)	(1,574,488)
Financing activities		
Borrowings	10,561,148	6,049,066
Interest paid	(3,482,598)	(2,828,916)
Dividends distribution paid	(1,260,000)	(1,190,000)
Net cash flows from financing activities	5,818,550	2,030,150
Net decrease in cash and cash equivalents	(2,162,137)	(2,061,497)
Cash and cash equivalents as at 1 January	(7,450,132)	(5,388,635)
Cash and cash equivalents as at 31 December (Note 12)	(9,612,269)	(7,450,132)

The attached notes from 1 to 27 are an integral part of these consolidated financial statements

(1) GENERAL INFORMATION

Comprehensive Leasing Company was established as a limited liability company on 14 April 2004 under No. (8730) with a share capital of JD 1 million. On 12 September 2006, the Company's legal status was changed to a public shareholding company and was registered with the Ministry of Industry and Trade under No. (415). The share capital of the Company amounts to JD 7,000,000 with a nominal value of JD 1 per share.

On 22 July 2012, a branch of the Company was established in the Kurdistan Region of Iraq under the number (15297). According to the provisions of item No. (5 - third) of the regulation of establishing branches of offices of foreign companies and economic institutions No. (5) of 1989 related to the Kurdistan Region of Iraq and during the first quarter of 2013, the branch commenced its operational activities.

The Comprehensive Leasing Company is a public shareholding company, and its shares are listed in Amman Stock Exchange. The registered address of the Company is 16 Abdullah Ghousheh St. - Amman, the Hashemite Kingdom of Jordan.

The principle activities of the Group comprise all finance lease activities of all vehicles and medical and industrial equipment, in addition to residential and commercial real estates. The Group executes instalment sale contracts. It Also sells and buys used cars and invests in shares and bonds traded in Amman Stock Exchange for the Group, other than dealing with foreign stock markets.

The consolidated financial statements were approved by the Board of Directors at its meeting held on 21 January 2018 and are subject to the approval of the General Assembly of shareholders.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group's management in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2-1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) as issued by the International Accounting Standards Board (IASB).

The presentation currency in the financial statements is the Jordanian dinar, which is the functional currency of the Group.

The financial statements have been prepared according to the historical cost convention except for the financial assets at fair value through income statement which are recognised at fair value at the date of the financial statements.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note (4).

2-2 Basis of consolidation of financial statements

Subsidiaries

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

Subsidiaries are consolidated from the date on which control is transferred to the parent company and deconsolidated from the date on which the control ceases.

The Company uses the acquisition method to account for business combinations. The cost of acquisition is measured at fair value of acquired assets and liabilities for the previous owners of the Company and equity issued by the company. All direct costs related to the acquisition shall be charged to income statement as expenses. The assets and liabilities (actual and potential) shall be recognised and measured by the fair value at the date of acquisition. Non-controlling interests are recognised for each individual acquisition, whether at the fair value or the proportionate share of non-controlling interests in net acquired assets.

If the business combination is carried out in phases, the carrying amount of the previously owned investment at the date of new acquisition is re-measured at fair value, and the difference shall be recognised in income statement.

Inter-company balances and transactions shall be eliminated upon consolidation of the financial statements. Unrealised profits or losses resulted from inter-company transactions shall also be eliminated.

The increase of the paid consideration over the net fair value of assets at the acquisition date shall be recognised as a goodwill on the date of acquisition.

The Company established two companies in Jordan. It registered Comprehensive Vehicle Trading Company on 21 July 2011 and Comprehensive International Company for Financial Consulting during October 2016. The subsidiaries details are as follows:

Company name	Legal Status	Paid-in capital	Percentage of Ownership
		JD	%
Comprehensive Vehicle Trading Company LLC	Limited liability company	500,000	100
Comprehensive International Company for Financial Consulting	Limited liability company	10,000	100

2-3 Changes in accounting policies and disclosures

2-3-1 New standards, amendments and interpretations that have been adopted by the Group

New and amended standards and interpretations issued and adopted by the Group in the financial year beginning on 1 January 2017 as follows:

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

The adoption of these amendments did not have any impact on reported amounts in previous periods. Most of the amendments will have no impact on current or future periods.

(a) New standards and interpretations not yet applied

Certain new accounting standards and interpretations have been published that are not mandatory for the financial periods ended 31 December 2017 and have not been early adopted by the Group. The group's management assessment of the impact of these new standards and interpretations is set out below:

Name of standard	**IFRS 9,"Financial instruments"**
Nature of change	This standard addresses the classification, measurement and de-recognition of the financial assets and liabilities and introduces new rules for hedge accounting. The standard also introduced a new impairment model for recognition of impairment provisions.
	The Group has reviewed its financial assets and liabilities and expects the following effect from the adoption of the new standard on 1 January 2018: Financial assets held by the Group include: Investments in shares measured at fair value through income statement and will continue to be measured on the same basis in accordance with IFRS 9 "Financial instruments". Hence, the Group does not expect any impact of the new instructions on classification and measurement of these financial assets. Investment in finance lease contracts and instalment sale, where the new impairment model requires the recognition of impairment provisions based on Expected Credit Losses (ECL) rather than only incurred credit losses as is the case under IAS 39. The model is applied to financial assets classified at amortized cost, debt instruments at fair value through other comprehensive income and contract assets under IFRS 15 (Revenue from contracts with customers), leases receivables, loan commitments and certain financial guarantee contracts. Based on the estimates made by the Group's management to date, the Group expects an increase in the total value of the provision for impairment of investment in finance lease contracts and instalment sale receivables between JD 300,000 to JD 350,000, i.e. between 16% to 19% approximately.

Impact	The new standard also introduces extensive disclosure requirements and changes in presentation. The nature and extent of the Group's disclosures about financial instruments are expected to change, particularly in the year of adoption of the new standard The Group does not expect to have any impact on the Company's accounting of financial liabilities as the new requirements only affect the accounting of financial liabilities classified at fair value through income statement and the Group has no such financial liabilities. The de-recognition rules have been transferred from IAS 39 "Financial Instruments: Recognition and Measurement" and have not been changed.
Mandatory application date/ Application date by the Group	Must be applied for the financial years beginning on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018. The comparative figures for 2017 will not be restated

Name of standard	**IFRS 15, "Revenue from contracts with customers":**
Nature of change	The International Accounting Standards Board issued new standards for the recognition of revenue. This standard will replace IAS 18, which covers goods and services contracts and IAS 11, which covers construction contracts. Based on the new standard, revenues are recognised upon the transfer of control of the goods or services to the customer. The standard permits the adoption with full or amended retrospective impact.
Impact	The management has assessed the impact of the adoption of the new standard on the Group's financial statements and does not expect any material impact since most of the Group's revenues are derived from revenues not subject to this standard.
Mandatory adoption date	Mandatory for financial years beginning on or after 1 January 2018.

Name of standard	**IFRS 16 'Leases'**
Nature of change	IFRS 16, "Leases" standard was issued in January 2016 and will almost lead to recognition of all leases in the statement of financial position, as the difference between the operating and financing leases is eliminated. The standard requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals. An optional exemption exists for short-term and low-value leases. Accounting for lessors did not change significantly.
Impact	The standard will primarily affect the accounting of the Group's operating leases. As at the reporting date, most leases relate to payments of short-term and low-value leases; hence, the above exception in the standard applies and therefore no material impact is expected.
Mandatory adoption date	Mandatory for financial years beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate the comparative amounts for the previous year.

There are no other standards that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2-4 Foreign currency translation

(a) Functional and presentation currency of the consolidated financial statements

Items included in the financial statements are measured using the currency of the primary economic environment in which each of the Group's companies operates ('the functional currency'). The consolidated financial statements are presented in 'Jordanian Dinar', which is the group functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the Jordanian Dinar using the exchange rates prevailing at the dates of the transactions. Cash assets and liabilities denominated in foreign currencies are translated into the Jordanian Dinar at prevailing year-end exchange rates. Foreign exchange gains and losses resulting from that are recognised in income statement.Non-monetary items measured under historical cost in a foreign currency are not translated.

2-5 Intangible assets

Intangible assets are classified on the basis of their lifetime for a definite or indefinite period. Intangible assets that have a definite lifetime are amortised during this lifetime and are recognised in income statement. For intangible assets that have an indefinite lifetime, their impairment is reviewed in the consolidated financial statements and any impairment shall be recognised in income statement.

Computer software and systems as shown in note (5) are amortised using the straight-line method over a period not exceeding five years from the date of purchase.

2-6 Investment properties

Investment properties are initially recognised at cost plus acquisition expenses. The Group adopts the cost model to account for its investment properties as described in the accounting policy (2-7). Investment properties carrying amount is written down to its recoverable amount if the asset's net carrying amount is greater than its estimated recoverable amount. The amount of write-down is recognised in income statement. Revaluation gains are not recognised.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in income statement.

2-7 Property and equipment

Property and equipment are recorded at historical cost, less depreciation. Historical cost includes expenses related to the acquisition of these property and equipment.

Subsequent costs are included in the asset's value or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the additions will flow to the Group and the cost of the addition can be measured reliably. The book value of the replaced part is derecognised. All other repairs and maintenance expenses are charged to the statement of comprehensive income when incurred.

Lands are not depreciated. Depreciation is calculated using the straight-line method to allocate the property and equipment cost over their estimated useful lives. The main useful lives used for that purpose are as follows:

	Useful life (years)
Furniture and fixtures	5 - 10
Computers	3 - 5
Electronic and electrical equipment	4 - 5
Decorations	5 - 10
Vehicles	6 - 7

The assets' residual values and useful lives are reviewed and adjusted, if needed, at the end of each financial period.

An asset's value is written down to its recoverable amount if the net book value of any of the property and equipment is greater than its recoverable amount, and the decrease is recognised in income statement.

Gain and loss arising on disposal of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recognised in income statement.

2-8 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment loss whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognised for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered from impairment except goodwill are reviewed for possible reversal of impairment at each reporting date.

2-9 Financial assets

2-9-1 Classifications

The Group classifies its financial assets into the following categories: financial assets at fair value through income statement, loans and receivables. Such classifications are determined based on the purpose for which these financial assets were acquired. The management determines its classification of the financial assets at initial recognition.

(a) Financial assets at fair value through income statement

Financial assets at fair value through income statement are financial assets held for trading. A financial asset is classified under this category if it is purchased primarily to be sold in a short period of time. Such assets are classified in this category under current assets, if the Group expects to sell them within 12 months from the date of the statement of financial position, otherwise they are classified as non-current assets.

(b) Loans and receivables

Loans and receivables are financial assets (other than financial derivatives) with fixed or determinable payments that are not included in the financial market. These assets are classified as current assets unless they have maturities over 12 months after the statement of financial position date, as these are classified as non-current assets.

2-9-2 Recognition and measurement

Purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are recognised at fair value while costs associated with purchases and sales are recognised income statement.

2-10 Impairment of financial assets

The Group reviews stated values of financial assets at the date of the statement of financial position determine whether objective indications of their impairment exist, individually or in the aggregate. If such indications exist, recoverable amount is estimated to determine impairment.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the debtor.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market for that financial asset because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, including:

  (1) Adverse changes in the payment status of borrowers in the portfolio.
  (2) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in income statement.

2-11 Lease

Leases are classified as finance leases when the risks and benefits of ownership are significantly transferred by the lease terms to the lessee. Other types of leases are classified as operating leases.

Rental income from operating leases is recognised using the straight line method based on the respective lease term.

(a) The Group as a lessor- investment in finance lease contracts

As per the lease, the lessor transfers, in return of payments, the usufruct of an asset to the lessee for a defined period of time that ends with the ownership transfer to the lessee.

Investment in finance leases is shown at the net present value of finance lease payments less the provision for doubtful receivables (if any). All direct costs of finance leases are shown under the net present value of investment in finance leases.

Finance lease payments are divided between leases income and the principal payment so that the finance lease income is allocated over the contract period reflecting a constant interest rate on the net Group's existing investment during the lease period.

(b) The Group as a lessee

Operating lease payments are recognised as an expense according to the straight line method based on its respective lease period.

2-12 Investment in instalment sale contracts

As per the instalment sale contract, the Group purchases an asset and registers it in the beneficiary's name in return of payments and mortgage of the asset sold to the Group until settling all due payments.

Investments in instalment sale contracts are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision is made for impairment of trade receivables when there is an evidence that the Group will not be able to collect all amounts due according to the original terms of debt. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's book value and the present value of estimated future cash flows, discounted at market interest rate. The book value of the asset is reduced using a provision, and the loss is recognised in the statement of comprehensive income. Non-collectible trade receivables are written off in the provision for impairment of trade receivables account. Subsequent recoveries of amounts previously written off are credited under other revenue in the statement of comprehensive income.

2-13 Cash and cash equivalents

For the purposes of preparation the statement of cash flows, cash includes deposits held at call with banks with original maturities of three months or less and bank overdrafts.

2-14 Paid-in capial

The Group's ownership interests are included within shareholders' equity

2-15 Trade payables

Trade payables are obligations to pay for goods or services acquired in the ordinary course of business of the Group. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are classified as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

2-16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the received amounts (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least twelve months after the statement of financial position date.

2-17 Revenue recognition

Interest revenues are recognised using the effective interest method.

Transaction costs that are directly associated with obtaining new contracts are initially recognised at fair value and recorded under the value of investment in finance leases or instalment sale receivables according to the nature of its respective transaction and is subsequently allocated over the related contract term using the effective interest method.

2-18 Income tax

Tax expenses represent amounts of tax payable.

Payable tax expenses are calculated based on taxable profits. Taxable profits are different from profits disclosed in the financial statements, as disclosed profits include revenue that is not subject to tax, expenses that are not recognisable in the financial year but in subsequent years or accumulated losses that are accepted in terms of tax or items that are not taxable or recognisable for tax purposes.

Taxes are calculated as per the tax rates established by the laws, regulations and instructions.

2-19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that a cash flow of resources will be required to settle the obligation; and the amount can be reliably estimated.

2-20 Employees' benefits

For defined benefit plans, the Group mandatorily pays contributions to the pension insurance fund managed by a government entity (the Social Security Corporation). The Group has no further payment obligations once the contributions are paid. Such contributions are recognised as social security expense as they fall due.

2-21 Dividends

Dividends to the Group's shareholders are recognised as obligations in the financial statements in the period when such dividends are announced and approved by the Group's shareholders.

2-22 Geographic segments

The principle activity of the Group is distributed over more than one economic environment (geographic segment) which are normally exposed to different risks and returns.

2-23 Financial instruments by category

	2017 JD	2016 JD
Assets as per the statement of financial position		
Financial assets at fair value through income statement	268,134	500,223
Loans and receivables		
Net investment in finance lease contracts	43,190,869	24,864,752
Instalment sale receivables	19,320,670	23,372,368
Other receivables (excluding prepaid expenses)	81,283	69,488
Cash and cash equivalents	201,359	426,962
	63,062,315	49,233,793
Liabilities as per the statement of financial position		
Financial liabilities at amortised cost		
Borrowings and bank overdrafts	53,054,342	40,556,660
Trade and other payables (excluding statutory liabilities and advances)	506,843	251,884
	53,561,185	40,808,544

(3) FINANCIAL RISK MANAGEMENT

3-1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the risks of fluctuation in the market (which includes currency translation risk and cash flow and fair value interest rate risk), liquidity risk and credit risk. The Group's overall risk management programme focuses on the minimising potential adverse effects on the Group's financial performance.

(a) Market risk

- Foreign exchange risk

  The Group is exposed to risks arising from foreign currency transactions, primarily with respect to the US Dollar. There has been no change in the rate of exchange between the US Dollar and the Jordanian Dinar during the year.

- Cash flow and fair value interest rate risk

  The Group's interest rate risk arises from bank borrowings. Borrowings granted to the Group at variable interest rates expose the Group to cash flow interest rate risk, whereas borrowings issued at fixed interest rates expose the Group to fair value interest rate risk.

  As at 31 December 2017, borrowings granted to the Group at a variable interest rate consisted of bank overdrafts granted in Jordanian Dinar and U.S. Dollar (Notes 14 &15).

  If interest rates on borrowings and facilities change by 1% on the assumption that other variables are constant, the effect on the statement of comprehensive income will be an increase in expenses at JD 530,543 as at 31 December 2017 (2016: JD 405,567).

The Group's exposure to interest rate fluctuations is as follows:

	Effective interest rate	Less than 1 month	from 1 to 3 months	From 3 months to a year	From 1 to 5 years
	JD	JD	JD	JD	JD
31 December 2017					
Financial assets					
Instruments with floating interest rates	14-19%	168,550	138,339	2,801,375	5,632,665
Financial liabilities					
Instruments with floating interest rates	6.65-8.5%	13,416	40,468	1,377,023	1,818,620
31 December 2016					
Financial assets					
Instruments with floating interest rates	12-15%	147,456	94,017	1,459,432	3,429,350
Financial liabilities					
Instruments with floating interest rates	6-7.75%	8,346	33,798	1,168,250	1,234,731

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its commitments.

The Group manages liquidity risk through the availability of the necessary cash through borrowing and credit facilities. The Group also monitors cash flows of due instalments from customers periodically.

The below table shows the dates of contractual maturities of the Group's non-derivative financial assets and liabilities. The table was prepared based on the undiscounted cash flows of the non-derivative financial assets and liabilities according to the maturity dates based on which the Group might be requested to settle or receive. The table includes cash flows of the principal amounts and interests. The maturity dates of the financial assets and liabilities as at the end of the reporting period are as follows:

	Effective interest rate	Less than 1 month	from 1 to 3 months	From 3 months to a year	From 1 to 5 years
	JD	JD	JD	JD	JD
31 December 2017					
Financial assets					
Non-interest-bearing instruments	-	550,773	-	-	-
Instruments with floating interest rates	14-19%	12,258,123	5,030,526	22,637,370	34,137,364
		12,808,896	5,030,526	22,637,370	34,137,364
Financial liabilities					
Non-interest-bearing instruments	-	457,400	-	-	-
Instruments with floating interest rates	6.65-8.5%	2,125,230	3,205,420	24,238,024	24,008,186
		2,582,630	3,205,420	24,238,024	24,008,186
31 December 2016					
Financial assets					
Non-interest-bearing instruments	-	268,336	-	-	-
Instruments with floating interest rates	12-15%	13,107,176	4,178,523	14,414,140	25,402,596
		13,375,512	4,178,523	14,414,140	25,402,596
Financial liabilities					
Non-interest-bearing instruments	-	746,397	-	-	-
Instruments with floating interest rates	6-7.75%	1,456,742	2,949,678	22,656,972	17,959,730
		2,203,139	2,949,678	22,656,972	17,959,730

As shown in the consolidated statement of financial position, the Group's current liabilities exceeded its current assets by JD 1,141,206 as at 31 December 2017. Management believes that such overruns will not affect the continuity of the Group or its ability to meet its obligations when they become due, based on future cash flows in accordance with the management's estimates of these expected flows taking into account payment dates of loans and collection of the accounts receivable. The Group also has bank ceilings that can be used when needed. Therefore, the Group's management does not believe that there are any material liquidity risks that may arise.

(c) Credit risk

The Group does not have significant concentration of credit risk. Financial assets that are exposed to credit risk are limited to instalment sale contracts, finance lease contracts and some other receivables.

Instalment sale and finance lease contracts are executed after evaluating the financial solvency of the clients. The credit position of the clients is re-evaluated regularly. Also, the credit risk concentration is mitigated as all of the assets sold to clients by instalment or finance lease are first class mortgaged for the Group until the full settlement of the due amount. Contractually, if the remaining contractual commitments are not fully met, the Group may keep the asset or sell it to cover part or all of the amount due to the Group.

The Group only deals with financial institutions of acceptable credit solvency.

3-2 Capital risk management

The Group monitors capital by monitoring the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, which include borrowings and bank overdrafts, less cash and cash equivalents as shown in the statement of financial position. Total capital is calculated as equity plus net debt as shown in the statement of financial position.

Gearing ratio was as follows:

	2017	2016
	JD	JD
Total borrowings and bank overdrafts	53,054,342	40,556,660
Cash and cash equivalents	(201,359)	(426,962)
Net debt	52,852,983	40,129,698
Net shareholders' equity	13,899,755	12,430,824
Total capital	66,752,738	52,560,522
Gearing ratio	79%	76%

3-3 Fair value

The following table represents financial instruments carried at fair value based on the valuation method, where different levels are defined as follows:

Level 1: quoted prices (unadjusted) of assets and liabilities in active markets.

Level 2: quoted prices of similar financial assets and liabilities in active markets, or other price valuation techniques whose significant inputs are based on market data.

Level 3: pricing methods where not all significant inputs are based on observable market data.

The following table shows the Group's financial assets which are measured at fair value:

	2017	2016
Financial instruments in level 1	JD	JD
Financial assets at fair value through income statement		
Shares traded in Amman Stock Exchange	268,134	500,223

Financial instruments in level 1

The fair value of financial instruments traded in active markets is the market value at the consolidated financial statements date. A market is regarded as active if quoted prices are readily and regularly available through a market, financial brokers or any regulatory agency, and those prices represent the actual price resulting from transactions on an arm's length basis.

3-4 Price risk

The Group is exposed to risks resulting from changes in share prices within the financial assets portfolio at fair value through income statement. The Group manages such risks by analysing the value that is exposed to losses and diversifying investment portfolios. The following table shows the impact of any increase/decrease in the index of Amman Stock Exchange in which the Group invests on the profit for the year and shareholders' equity after income tax, assuming that the change is by 5%.

	The effect of change of the statement of income	Effect on Equity
	JD	JD
31 December 2017		
Amman Stock Exchange	13,406	13,406
31 December 2016		
Amman Stock Exchange	25,011	25,011

The financial effect of a decrease in the market index by the same percentage is expected to be equal and opposite to the effect shown above.

(4) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Accounting estimates and judgements are constantly evaluated by the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Provision for impairment of investment in finance lease contracts

An impairment provision is made for investment in finance lease contracts on bases and assumptions approved by the Group's management to estimate the provision to be made under the International Financial Reporting Standards.

Provision for impairment of instalment sale receivables

An estimation is made for the collectible amount of the receivables when it is unlikely that the full amount will be collected. In determining whether the receivables were impaired, the management is required to evaluate the credit and liquidity position and the historical recoverability rates of the clients, including getting the opinion of the legal department and reviewing the current economic environment. Management believes that the impairment provision of instalment sale receivables is sufficient as at 31 December 2017.

Properties classifications

In classifying properties, the management exercised significant judgements to determine whether a property is qualified for classification as property investment, property and equipment or property held for resale.

Income tax

The Group is subject to income tax, which requires making judgements in determining the provision for income tax. The Group recognises income tax liabilities depending on its expectations on whether the taxation audit will result in any additional tax. If the final tax estimation is different from what was recorded, such differences will affect the current income tax in the period when recognising that such differences exist.

(5) SOFTWARE

	Software
	JD
2017	
Cost	
Balance as at 1 January	104,841
Additions	6,435
Balance as at 31 December	111,276
Accumulated amortisation	
Balance as at 1 January	62,465
Additions	12,900
Balance as at 31 December	75,365
Net book value as at 31 December	35,911
2016	
Cost	
Balance as at 1 January	96,596
Additions	8,245
Balance as at 31 December	104,841
Accumulated amortization	
Balance as at 1 January	51,202
Additions	11,263
Balance as at 31 December	62,465
Net book value as at 31 December	42,376

(6) PROPERTY AND EQUIPMENT

	Land	Furniture and fixtures	Projects under construction (*)	Computers	Electronic and electrical equipment	Decorations	Vehicles	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2017								
Cost								
Balance as at 1 January 2017	-	116,792	-	59,074	39,921	78,999	180,171	474,957
Additions	-	5,110	674,828	6,461	2,554	2,905	107,493	799,351
Transfers from investment properties item	1,541,495	-	-	-	-	-	-	1,541,495
Disposals		(355)	-	-	(2,151)	-	(89,950)	(92,456)
Balance as at 31 December 2017	1,541,495	121,547	674,828	65,535	40,324	81,904	197,714	2,723,347
Accumulated depreciation								
Balance as at 1 January 2017	-	102,787	-	47,713	32,338	64,377	68,353	315,568
Additions	-	4,492	-	7,745	4,222	10,203	42,734	69,396
Disposals	-	(260)	-	-	(1,972)	-	(60,069)	(62,301)
Balance as at 31 December 2017	-	107,019	-	55,458	34,588	74,580	51,018	322,663
Net book value as at 31 December 2017	1,541,495	14,528	674,828	10,077	5,736	7,324	146,696	2,400,684

The above owned land is mortgaged against a loan in favour of Arab Jordan Investment Bank.

(*): These amounts are related to the construction cost of the new building under construction of the Group. The Group expects to complete this project during the second quarter of 2018. The expected cost of this project to its completion is estimated at JD 900,000.

	Land	Furniture and fixtures	Computers	Electronic and electrical equipment	Decorations	Vehicles	Total
	JD	JD	JD	JD	JD	JD	JD
2016							
Cost							
Balance as at 1 January 2016	-	115,511	52,699	38,390	78,999	166,421	452,020
Additions	-	3,456	6,375	2,553	-	13,750	26,134
Disposals	-	(2,175)	-	(1,022)	-	-	(3,197)
Balance as at 31 December 2016	-	116,792	59,074	39,921	78,999	180,171	474,957
Accumulated depreciation							
Balance as at 1 January 2016	-	97,411	41,767	28,386	54,900	42,874	265,338
Additions	-	6,741	5,946	4,398	9,477	25,479	52,041
Disposals	-	(1,365)	-	(446)	-	-	(1,811)
Balance as at 31 December 2016	-	102,787	47,713	32,338	64,377	68,353	315,568
Net book value as at 31 December 2016	-	14,005	11,361	7,583	14,622	111,818	159,389

(7) INVESTMENT PROPERTIES

The Group has investment properties as follows:

Investments in lands amounting to JD 2,461,698 as at 31 December 2017 was as follows:

A land in Sahab with a total cost of JD 827,998 (mortgaged against a loan in favour of Housing Bank - Bahrain branch to finance the operating activities of the company's branch in Iraq).
A land in Jizza with a total cost JD 92,114
A land in southern Amman (Al-Qunaitira) with a cost of JD 1,500,000.
A land in southern Amman (Al-Zafraan) with a cost of JD 41,586.

Investments in buildings at a net amount of JD 900,593 after depreciation as at 31 December 2017 as follows:

A building with a cost of JD 1,168,656 on a land leased for 18 years and 3 months starting from 1 July 2004 and ending on 1 October 2022. The building is depreciated over the asset life. The accumulated depreciation amounted to JD 625,893 (2016: JD 579,147).

A building in Sahab with a cost of JD 458,200 depreciated over 50 years. The accumulated depreciation amounted to JD 100,370 (2016: JD 91,206).

The movement in the investment properties balance during the year is as follows:

	2017	2016
	JD	JD
Cost		
Balance as at 1 January	5,630,049	4,088,554
Additions	-	1,541,495
Transfers to property and equipment item (*)	(1,541,495)	-
Balance as at 31 December	4,088,554	5,630,049
Accumulated depreciation		
Balance as at 1 January	670,353	614,443
Additions	55,910	55,910
Balance as at 31 December	726,263	670,353
Net book value as at 31 December	3,362,291	4,959,696

(*) During the current year, the management has started building on the land of Um Uthainha to establish the permanent building of the Company. Accordingly, the land was classified under the property and equipment item during the current year.

Management has not used independent real estate experts to assess its investment properties at fair value as at 31 December 2017. According to the Management's assessment, the fair values of these investment properties do not materially differ from the value recorded in the Group's books amounting to JD 3,370,000 as at 31 December 2017. The fair value of the lands was estimated by management through obtaining recent market prices for similar properties. As for the leased buildings, the management estimated its value by deducting the expected total annual rental income until the end of the lease period in 2022 as at 31 December 2017.

(8) NET INVESTMENT IN FINANCE LEASE CONTRACTS

This item represents investments in finance lease contracts relating to vehicles and properties. The details of this item are as follows:

	2017	2016
	JD	JD
Total investment in long-term finance lease contracts (over one year)	25,908,310	10,816,418
Total investment in short-term finance lease contracts	25,188,033	17,755,817
Total	51,096,343	28,572,235
Deferred revenues	(7,324,870)	(3,176,211)
Total before provision	43,771,473	25,396,024
Provision for impairment of investment in finance lease contracts	(580,604)	(531,272)
Current value of the minimum finance lease contracts	43,190,869	24,864,752
Less: Net investment in long-term finance lease contracts	(22,874,645)	(9,634,541)
Net investment in finance lease contracts that are due in a year	20,316,224	15,230,211

Analysis of net investment in finance lease contracts as at 31 December is as follows:

	2017	2016
	JD	JD
Not past due	36,530,081	21,133,370
Past due but not impaired (over 90 days)	6,660,788	3,731,382
Past due and impaired (over 90 days)	580,604	531,272
Total net investment in finance lease contracts	43,771,473	25,396,024

The movement in the provision for finance lease contracts during the year is as follows:

	2017	2016
	JD	JD
Balance as at 1 January	531,272	531,272
Doubtful receivables expense	135,837	89,552
Bad debts	(86,505)	(89,552)
Balance as at 31 December	580,604	531,272

(9) INSTALMENT SALE RECEIVABLES

This item represents investments in instalment sale contracts relating to vehicles and properties. The details of this item are as follows:

	2017	2016
	JD	JD
Total investment in long-term instalment sale contracts (over one year)	8,229,056	13,644,319
Total investment in short-term instalment sale contracts	14,788,318	14,885,881
Total	23,017,374	28,530,200
Deferred revenues	(2,429,540)	(3,847,427)
Total before provision	20,587,834	24,682,773
Provision for impairment of investment in instalment sale contracts	(1,267,164)	(1,310,405)
	19,320,670	23,372,368
Less: net investment in long-term instalment sale contracts	(7,408,443)	(11,949,515)
Net investment in instalment sale contracts that are due during the year	11,912,227	11,422,853

Analysis of instalment sale contracts as at 31 December is as follows:

	2017	2016
	JD	JD
Not past due	16,495,160	21,254,879
Past due but not impaired (over 90 days)	1,530,221	2,117,489
Past due and impaired (over 90 days)	1,267,164	1,310,405
Total instalment sale receivables	19,292,545	24,682,773

The movement in the provision for instalment sale contracts during the year is as follows:

	2017	2016
	JD	JD
As at 1 January	1,310,405	1,038,180
Doubtful receivables expense	377,389	272,225
Bad debts	(420,630)	-
As at 31 December	1,267,164	1,310,405

Receivables do not include concentration risk.

All instalment sale receivables are granted in the Jordanian Dinar and U.S. Dollar.

(10) FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

Financial assets at fair value through income statement represents shares in public shareholding companies listed in Amman Stock Exchange. The details are as follows:

	2017	2016
	JD	JD
Shares of listed companies	268,134	500,223

The change in the value of financial assets at fair value through income statement is recorded in change in working capital in the consolidated statement of cash flows.

The change in the value of financial assets at fair value through income statement is recorded in other profits item in the consolidated statement of comprehensive income.

(11) OTHER RECEIVABLES

	2017	2016
	JD	JD
Prepaid expenses	100,138	151,442
Refundable deposits	26,771	15,811
Margins on guarantees	650	650
Employees' receivables	6,608	27,338
Other	47,254	25,689
	181,421	220,930

(12) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	2017	2016
	JD	JD
Cash on hand	130,519	156,382
Cash at banks	70,840	270,580
	201,359	426,962

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

	2017	2016
	JD	JD
Cash on hand and at banks	201,359	426,962
Banks overdrafts	(9,813,628)	(7,877,094)
	(9,612,269)	(7,450,132)

(13) SHAREHOLDERS' EQUITY

Paid-in capital

Authorised and paid capital of the Company is JD 7,000,000 divided into 7,000,000 shares at a nominal value of JD 1 per share. The contribution of the five largest shareholders in the Company's share capital is as follows:

	%
Samia Halim Geryes Salfiti	45,452
Nicola George Abu Khader	20,639
Isabelle George Abu Khader	7,143
Shereen George Abu Khader	7,143
Samia Nicola George Abu Khader	4,2
	84,577

Statutory reserve

According to the Jordanian Companies Law and the Company's by-laws, the Company should deduct 10% of its annual net profit and transfer it to the statutory reserve, and continue doing so each year provided that the total deducted amounts for the reserve does not exceed 25% of the Company's capital. For the purposes of this law, net profits represent profit before the deduction of income tax provision and fees. This reserve is not available for distribution to shareholders. No deduction was made for this year because the statutory reserve reached 25% of the Company's share capital.

Voluntary reserve

According to the Jordanian Companies Law and the Company's by-laws, the Company may establish a voluntary reserve up to 20% of the net profit based on the resolution of its Board of Directors. This reserve is available for distribution to shareholders after the approval of the General Assembly of the Company.

(14) LOANS

	2017		2016	
	Interest rate	Balance	Interest rate	Balance
	%	JD	%	JD
Bank Al Etihad	8.25%	3,300,317	7.25%	2,323,141
Capital Bank of Jordan	8.50%	5,621,241	7.50%	5,444,726
Societe Generale	8.25%	997,110	7.50%	702,110
Jordan Commercial Bank	8.00%	5,454,335	7.50%	4,614,068
Housing Bank for Trade and Finance	8.00%	3,609,965	7.25%	3,552,418
Bank Audi	8.00%	2,046,772	7.50%	1,242,487
Jordan Kuwait Bank	8.50%	6,658,120	7.75%	4,341,490
Arab Jordan Investment Bank *	8.00%	4,258,304	7.50%	3,206,874
Arab Jordan Investment Bank	6.65%	1,948,745	6.00%	1,530,000
National Bank of Abu Dhabi	7.75%	1,828,668	7.50%	731,630
Invest Bank	8.50%	5,434,618	7.50%	4,094,181
Egyptian Arab Land Bank	8.00%	2,082,519	7.50%	896,441
Total borrowings		43,240,714		32,679,566
Less: the current portion		(22,199,701)		(17,542,336)
Long-term portion		21,041,013		15,137,230

* This loan was granted against land mortgage as explained in note (7).

In respect of other loans, these loans are granted against a deposit of bank cheques and bills provided by the Group.

The ceiling of the loans granted to the Group in USD amounted to USD 17,300,000, which is utilised by the Group's branches located in Iraq, and the utilised amount reached USD 6,132,394 as at 31 December 2017. This amount appears within the total amount of loans above.

The fair value of the above loans are not materially different from their carrying values as at 31 December 2017. The bank interest rates on bank loans above approximate the market interest rates prevailing in the market.

(15) BANK OVERDRAFTS

	2017			2016		
	Interest rate	Credit limit	Balance	Interest rate	Credit limit	Balance
	%	JD	JD	%	JD	JD
Bank Al Etihad	8.25%	1,050,000	889,225	7.25%	800,000	537,495
Capital Bank of Jordan	8.50%	2,750,000	2,562,127	7.50%	2,500,000	2,328,837
Societe Generale	8.25%	250,000	241,415	7.50%	250,000	193,314
Jordan Commercial Bank	8.00%	1,800,000	1,325,324	7.50%	1,800,000	1,621,685
Housing Bank for Trade and Finance	8.00%	1,463,000	1,087,272	7.25%	1,213,000	1,032,018
Audi Bank	8.00%	500,000	470,459	7.50%	200,000	28,203
Jordan Kuwait Bank	8.50%	1,363,000	1,188,816	7.75%	1,063,000	577,478
Arab Jordan Investment Bank	8.00%	605,000	586,784	7.50%	605,000	453,623
National Bank of Abu Dhabi	7.75%	200,000	132,692	7.50%	200,000	92,073
Invest Bank	8.50%	650,000	594,973	7.50%	650,000	572,562
Egyptian Arab Land Bank	8.00%	750,000	734,541	7.50%	500,000	439,806
		11,381,000	9,813,628		9,781,000	7,877,094

Settlement of net borrowings

The analysis of net borrowings and the related movement during the current year is as follows:

	2017
	JD
Cash and cash equivalents	201,359
Borrowings payable within one year and bank overdrafts	(32,013,329)
Borrowings payable within more than one year	(21,041,013)
Net borrowings	(52,852,983)
Net cash	201,359
Total borrowings/ variable interest	(53,054,342)
Net borrowings	(52,852,983)

		Bank obligations		
	Cash and bank overdrafts	Borrowings payable within one year	Borrowings payable within more than one year	Total
	JD	JD	JD	JD
Net borrowings as at 1 January 2017	(7,450,132)	(17,542,336)	(15,137,230)	(40,129,698)
Cash flows	(2,162,137)	(4,657,365)	(5,903,783)	(12,723,285)
Net borrowings as at 31 December 2017	(9,612,269)	(22,199,701)	(21,041,013)	(52,852,983)

(16) TRADE AND OTHER PAYABLES

	2017	2016
	JD	JD
Prepayments - finance lease contracts	351,703	226,240
Prepayments - instalment sale contracts	170,818	251,533
Sales tax deposits	90,074	53,658
Accrued expenses	47,942	13,665
Due to related parties (Note 24)	165,749	76,429
Trade payables	187,581	100,557
Employees' receivables	40,708	45,596
Income tax deposits	4,465	6,382
Social committee deposits	289	288
Post-dated cheques	29,372	9,229
Shareholders' deposits	8,202	6,120
Social security deposits	8,894	7,509
Board of directors' remuneration	16,740	16,740
	1,122,537	813,946

(17) INCOME TAX

The movement in income tax is as follows:

	2017	2016
	JD	JD
Balance as at 1 January	524,871	379,216
Paid during the year	(615,805)	(394,391)
Aditions during the year	791,404	540,046
Balance as at 31 December	700,470	524,871

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

	2017	2016
	JD	JD
Balance as at 1 January	62,972	137,789
Paid during the year	(62,972)	(137,789)
Additions during the year	14,144	62,972
Balance as at 31 December	14,144	62,972

Therefore, the total income tax expense for the current year and the income tax provision as at 31 December are as follows:

	2017	2016
	JD	JD
Income tax expense	805,548	603,018
Provision for income tax	714,614	587,843

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

The Comprehensive Company for Vehicle Sale (a subsidiary) obtained a final clearance with the Income Tax Department until the end of 2014. For the years 2015 and 2016, the self-assessment was submitted but has not been yet audited by the Income and Sales Tax Department until the date of approval of these consolidated financial statements.

In respect of Comprehensive International Company for Financial Consulting (a subsidiary), it commenced operations in October 2016 and has not yet submitted any self-assessment until the date of approval of these consolidated financial statements.

(18) NET REVENUE FROM FINANCE LEASE CONTRACTS

	2017	2016
	JD	JD
Total revenue from finance lease contracts	6,005,782	3,383,388
Less:		
Insurance fees	(649)	(8,607)
Maintenance and repairs	(199)	-
Fees, licenses, stamps and commissions	(367,936)	(69,241)
	5,636,998	3,305,540

(19) NET REVENUE FROM INSTALMENT SALE

	2017	2016
	JD	JD
Revenue from instalment sale	3,100,535	3,981,796
Less: cost of insurance, stamps, commissions and transfer of the ownership of instalment sale assets	(25,841)	(192,616)
	3,074,694	3,789,180

(20) ADMINISTRATIVE EXPENSES

	2017	2016
	JD	JD
Salaries and wages	792,444	688,865
Depreciations and amortisations	82,296	63,304
Governmental fees	29,388	19,972
Social security	67,863	54,666
Telephone and postage	9,199	13,734
Advertisement	85,333	55,445
Medical insurance	6,357	4,658
Hospitality	7,737	10,390
Board of directors' remuneration	18,000	18,000
Doubtful dents expense	513,226	361,777
Rent	229,191	215,464
Professional fees and consulting	31,925	28,669
Stationary	16,860	11,231
Transportation and vehicle expenses	15,662	15,673
Voyage expenses	26,602	43,063
Maintenance	17,362	14,293
Electricity and water	15,630	12,140
Training courses	6,546	5,308
Miscellaneous	16,500	15,026
	1,988,121	1,651,678

(21) OTHER INCOME

This item represents net income from investment properties as follows:

	2017	2016
	JD	JD
Rental income	337,633	322,556
Less cost:		
Lands rental	(57,000)	(57,000)
Insurance fees	(551)	(743)
Depreciations	(55,910)	(55,910)
	224,172	208,903

(22) OTHER GAINS

	2017	2016
	JD	JD
Loss of change in the fair value of financial assets through income statement	(13,661)	45,161
Gains on sale of shares	56,880	-
Dividends	11,353	12,248
Other profits	14,762	4,428
	69,334	61,837

(23) GEOGRAPHIC SEGMENT

The Group's activities are concentrated in Jordan and Iraq. The financial information of Iraq which are included in the Group's statement of financial position as at 31 December are as follows:

	2017	2016
	JD	JD
Assets		
Property and equipment	18,698	35,204
Software	568	1,917
Net investment in finance lease contracts	17,810	12,127
Instalment sale receivables	3,804,068	5,722,816
Other receivables	599,974	27,023
Cash and cash equivalents	117,708	364,324
Total assets	4,558,826	6,163,411
Equity and liabilities		
Equity		
Head Office Account	80,148	258,552
Total equity		
Liabilities		
Borrowings	3,761,489	5,183,995
Banks overdrafts	592,511	535,554
Trade and other payables	110,534	122,338
Income tax provision	14,144	62,972
Total liabilities	4,478,678	5,904,859
Total equity and liabilities	4,558,826	6,163,411

The financial information of Iraq which are included in the Group's statement of comprehensive income is as follows:

	2017	2016
	JD	JD
Net revenue from finance lease contracts	6,560	11,340
Net revenue from instalment sale	908,115	1,321,618
Interests expense	(287,406)	(343,927)
Gross profit	627,269	989,031
Other income	5,830	4,874
Administrative expenses	(538,806)	(574,091)
Profit for the year before tax	94,293	419,814
Income tax	(14,144)	(62,972)
Profit for the year	80,149	356,842
Other comprehensive income items	-	-
Total comprehensive income for the year	80,149	356,842

The financial information of Iraq representing the details of administrative expenses of the Group is as follows:

	2017	2016
	JD	JD
Salaries and wages	229,941	209,121
Depreciations and amortisations	15,017	16,258
Governmental fees	2,997	3,350
Social security	3,701	4,245
Telephone and postage	1,545	3,051
Advertisement	1,242	417
Medical insurance	73	160
Hospitality	2,577	5,336
Doubtful receivables expense	186,997	209,385
Rent	45,461	57,261
Professional fees and consulting	5,735	9,309
Stationary	1,113	1,417
Transportation and vehicle expenses	3,880	4,171
Voyage expenses	25,259	41,691
Maintenance	2,604	1,488
Electricity and water	6,827	4,433
Training courses	307	-
Miscellaneous	3,530	2,998
	538,806	574,091

(24) TRANSACTIONS WITH RELATED PARTIES

Related parties include the Group's major shareholders, directors, entities controlled by them, their families or entities over which they exercise significant administrative influence, as well as key management personnel.

(a) The following transactions were carried out with related parties represented by companies owned by some of the major shareholders during the year ended 31 December:

	2017	2016
	JD	JD
Revenue received for finance lease instalments for companies	502,605	231,324
Revenue received for instalment sale instalments	-	5,820
Rent revenue	337,633	322,556

During the year, the Group recognised the following remuneration, allowances and benefits for the directors and general manager:

	2017	2016
	JD	JD
Board of directors remunerations	18,000	18,000
Salaries, bonuses and remunerations received by the General Manager	214,055	195,427

(b) Details of balances with related parties as at 31 December were as follows:

Due to related parties (Note 16):

	2017	2016
	JD	JD
Ocean for Trading Mineral Oils Ltd,	432	475
The Leading Vehicles Co, Ltd,	165,010	74,750
Nicola Abu Khader & Sons Co, Ltd,	307	1,204
	165,749	76,429

(25) CONTINGENT LIABILITIES

As at 31 December 2017, the Group had contingent liabilities for bank guarantees at JD 6,500 (2016: JD 6,500).

(26) DIVIDENDS

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

In respect of the previous year 2016, the General Assembly of shareholders on 10 February 2016 decided to distribute dividends in the amount of JD 1,190,000 of the retained earnings for 2015 equivalent to 17% of the Company's share capital, and were fully paid.

(27) EARNINGS PER SHARE FROM THE PROFIT FOR THE YEAR

The details of this item are as follows:

	2017	2016
	JD	JD
Profit for the year	2,727,931	2,281,848
Weighted average number of shares	7,000,000	7,000,000
Basic and diluted earnings per share from profit for the year (JD/ share)	38.9%	32.6%

The basic earnings per share from the net profit for the year equals the diluted earnings per share as the Company did not issue any financial instruments that may have an impact on the basic earnings per share.