

عمان في: 2017/05/11

السادة
هيئة الأوراق المالية
المحترمين

السادة هيئة الأوراق المالية المحترمين

تحية وبعد،

لاحقا للتعميم الصادر من قبل مؤسستكم الموقرة بخصوص تزويدكم بالنتائج المالية باللغتين العربية والانجليزية، مرفق النتائج المالية المبينة أدناه باللغة الانجليزية:

(1) النتائج المالية السنوية لعام 2016.

(2) النتائج المالية المنتهية بتاريخ 2017/03/31.

وتفضلوا بقبول فائق الاحترام والتقدير

شركة مجموعة أوفتك القابضة م.ع.م

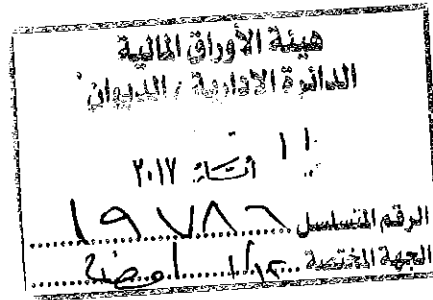
المدير العام

باسم سعيد



نسخة إلى:

- بورصة عمان
- مركز ايداع الأوراق المالية



OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANT'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANT'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)**

INDEX	PAGE
Independent certified public accountant's report	1 – 3
Consolidated Statement of financial position	4
Consolidated income statement	5
Consolidated statement of Comprehensive income	6
Consolidated statement of Owner's equity	7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements	9 – 32

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the shareholders
OFFTEC HOLDING GROUP COMPANY (P.L.C)

Opinion

We have audited the accompanying consolidated financial statements of Offtec Holding Group Company (P.L.C), which comprise the consolidated statement of financial position as of December 31, 2016, and the related consolidated statements of Comprehensive income and Owner's equity and cash flows, for the year then ended , and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements Present fairly, in all material respects, the financial position of OFFTEC Holding Group Company (P.L.C) as of December 31, 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conduct our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in Auditor's Responsibilities for the audit of the consolidated Financial Statements. We are independent of the company in accordance with International Standard Board Code of Ethics for professional accountants ("the code") and we have fulfilled our other ethical responsibilities in accordance with the code.

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

Other Matter

We have not audited the financial statements of December 31, 2016 of Trust International for marketing and E-commerce, Offtec branch (Dubai), Palestine Offtec Technology (Palestine), Offtec for engineering services (Sudan), Egyptian for loyalty and rewards (Egypt), E – points Dubai which have audited by other auditors and we have been provided of their reports dated January 26, 2017 February 11, 2017 March 23, 2017 January 18, 2017 March 17, 2016 and January 29, 2017, respectively.

Key audit matters

Key audit matters, according to our professional judgment are matters that had the significant importance in our auditing procedures that we performed to the consolidated financial statement. The basic auditing matters have been addressed in our auditing workflow to financial standards as we do not express separate opinions.

- Goodwill and developed platforms and consumer operations

In accordance with the International Financial Reporting Standards, the Company has to evaluate the goodwill, investment and test the impairment, in which the impairment in total as of December 31, 2016 was JD 11,315,237 and the investment in developed platform was JD 26,672,497.

The impairment of goodwill is considered a significant audit matter considering the complications of accounting requirements used for the assumptions to determine the impairment and the recoverable amount. The recoverable of cash generating units, which is determinable based on value in use or fair value which is higher less the selling costs, it uses several assumptions to evaluate the size of sales and future prices, operating costs, final growth rates and the average of capital cost.

-Account Receivables

According to International Standards on Auditing the Company should review the process of determining the impairment of accounts receivable provision, the company assesses the impairment of accounts receivable and considering its importance it is considered one of the significant audit risks and the impairment of accounts receivable provision has been recognized.

Followed procedures within key auditing matters

-Goodwill and developed platforms and consumer operations -

Auditing procedures included evaluating the used assumptions and methodology by the Company, specifically matters related to the expected revenues and profit margin, and we have also concentrated on the adequacy of the disclosures of impairment and which have high impact of the determination of the recoverable amount.

-Account Receivables

The auditing procedures included control procedures used by the Company for collecting accounts receivables and checks under collection, ascertaining a sample and clients accounts through direct confirmation, account receivable provision has been reviewed as well, by the assumption the management uses for evaluating them, and evaluating the adequacy of the disclosures of accounts receivable.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks for material misstatement in the consolidated financial statements, whether due to fraud or error. When the auditor make those risk assessments, he considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion about the entity's internal control effectiveness . An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

As part of an audit in accordance with The International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the initial 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 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 the Management.
- Conclude on the appropriateness of the 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 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 initial consolidated Financial Statements, including the disclosures, and whether the initial Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.
- We communicated with audit committee 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.

Legal requirements report

The Company maintains proper books of accounting records which are in agreement with the accompanying consolidated financial statements and we recommend the board of director to approve the financial statements.

Ghosheh & Co
Abdul Kareem Qunais
License No (496)

Amman -- Jordan

26 آذار 2017



OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
ASSETS			
Non-current assets			
Intangible assets	4	37,987,734	37,987,734
Property and equipments	5	1,394,994	1,423,024
investments in land	6	945,423	945,423
Total non-current assets		40,328,151	40,356,181
Current assets			
Prepaid expenses and other receivables	7	574,272	743,769
Inventory		5,277,760	4,158,922
Accounts receivable	8	12,424,378	7,165,645
Cash and cash equivalents		2,423,409	2,241,297
Total current assets		20,699,819	14,309,633
TOTAL ASSETS		61,027,970	54,665,814
LIABILITIES AND Owner's EQUITY			
Owners' equity			
Share capital	1	39,690,000	40,740,000
Statutory reserve	9	1,048,469	712,334
Treasury stock	10	-	(398,503)
Changes in foreign currencies translation resulting from consolidating the financial statements of a foreign subsidiary		(485,026)	(265,157)
Retained earnings		7,555,674	4,134,422
Equity Holders		47,809,117	44,923,096
Non - controlling interest		228,088	155,703
Total Owners' equity		48,037,205	45,078,799
Non-current liabilities			
Earned and unused point For E- Points		49,970	170,604
End of service indemnities	11	670,290	574,119
Long term loan	13	-	112,073
Total non-current liabilities		720,260	856,796
Current liabilities			
Accrued expenses and other Payables	14	1,156,633	458,420
Deferred Revenues		765,884	13,054
Accounts payable and deferred cheques	15	3,999,898	3,318,622
Short term loans	12	4,149,191	2,309,854
Current portion of long-term loan	13	100,049	166,667
Bank over drafts	16	2,098,850	2,463,602
Total current liabilities		12,270,505	8,730,219
TOTAL LIABILITIES AND Owners' EQUITY		61,027,970	54,665,814

The accompanying notes are an integral part of these consolidated financial statements

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
Revenues		30,364,474	20,151,370
Cost of revenues		(17,368,971)	(11,352,520)
Gross profit		12,995,503	8,798,850
General, administrative, selling and marketing expenses	18	(8,247,288)	(6,856,328)
Financial charges		(870,936)	(533,734)
(Provision)/ Account Receivables impairment returns		(147,532)	9,785
Damaged goods provision		(75,000)	
Other revenues		222,829	125,929
Net income before income tax		3,877,576	1,544,502
Income tax	17	(383,890)	(160,787)
NET INCOME		3,493,686	1,383,715
Income for the year due to:			
Owners of the parent		3,105,890	997,916
Non-controlling interest		387,796	385,799
		3,493,686	1,383,715
Earnings per share:			
Earning per share-JD/Share		0,078	0,025
Weighted average of outstanding shares		39,690,000	40,448,856

The accompanying notes are an integral part of these consolidated financial statements

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	2016	2015
Income for the year	3,493,686	1,383,715
Other comprehensive income		
Change foreign currencies translation resulting from consolidating the financial statements of a foreign subsidiary	(219,869)	9,691
Total comprehensive income	3,273,817	1,393,406
 Total comprehensive income due to :		
Owners of the parent company	2,886,021	1,007,607
Non-controlling interest	387,796	385,799
	3,273,817	1,393,406

The accompanying notes are an integral part of these consolidated financial statements

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENTS OF OWNERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	Share capital	Statutory reserve	Treasury stock	Changes in foreign Currencies translation	Retained earnings	Total
Balance as of January 1, 2015		40,740,000	606,911	(291,144)	(274,848)	4,036,192	44,817,111
Dividends paid		-	-	-	-	(794,263)	(794,263)
issuance of treasury shares	10	-	-	(107,359)	-	-	(107,359)
Comprehensive income		-	-	-	9,691	997,916	1,007,607
Transfer to statutory reserves		-	105,423	-	-	(105,423)	-
Balance as of December 31, 2015		40,740,000	712,334	(398,503)	(265,157)	4,134,422	44,923,096
Amortization of treasury shares		(1,050,000)	-	398,503	-	651,497	-
Comprehensive income	10	-	-	-	(219,869)	3,105,890	2,886,021
Transfer to statutory reserve		-	336,135	-	-	(336,135)	-
Balance as of December 31, 2016		39,690,000	1,048,469	-	(485,026)	7,555,674	47,809,117

The accompanying notes are an integral part of these consolidated financial statements

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	2016	2015
OPERATING ACTIVITIES		
Net income before income tax	3,877,576	1,544,502
Adjustments on net income before income tax:		
Depreciation	490,790	425,876
Financial charges	870,936	533,734
Changes in foreign currencies translation	(219,869)	9,691
Changes in operating assets and liabilities:		
Accounts receivable	(5,258,733)	113,387
Inventories	(1,118,838)	(1,351,511)
Prepaid expenses and other receivables	169,497	(189,076)
Accounts payable, deferred chegaes , and deferred revenues	1,434,106	(71,309)
Accrued expenses and other Payables	314,323	(150,473)
End of service indemnities	96,171	117,839
Earned and unused point For E- Points	(120,634)	(116,079)
Cash available from operations	535,325	866,581
Financial charges paid	(870,936)	(533,734)
Net cash(used in)/ available from operating activities	(335,611)	332,847
INVESTING ACTIVITIES		
Changes in property and equipments	(462,760)	(480,440)
Non-controlling interests	(315,411)	(530,591)
Net cash used in investing activities	(778,171)	(1,011,031)
FINANCING ACTIVITIES		
Bank over drafts	(364,752)	1,359,184
Loans	1,660,646	305,390
Purchase of Treasury stock	-	(107,359)
Dividends paid	-	(794,263)
Net cash available from financing activities	1,295,894	762,952
Net change in cash and cash equivalents	182,112	84,768
Cash and cash equivalents, as of January 1	2,241,297	2,156,529
CASH AND CASH EQUIVALENTS, AS OF DECEMBER 31	2,423,409	2,241,297
Non cash items :		
Decreasing capital by amortizing treasury stock	1,050,000	-

The accompanying notes are an integral part of these consolidated financial statements

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

1. ORGANIZATION AND ACTIVITIES

OFFTEC HOLDING GROUP COMPANY ("the company") is a Jordanian public shareholding Company, which was registered on December 7, 2004 under Commercial number (355) at the Ministry of industry and Trade. The Company's declared and paid-up share capital is JD 40,740,000 Divided into 40,740,000 shares, each for JD1.

The company decided, in its unusual meeting held on April 24, 2016, to decrease its capital by the treasury stocks in which it is 1,050,000 shares amounting to JD 3,8503 as well as purchasing treasury stocks by %5 of its new capital 39,690,000 divided into 39,690,000 shares /JD.

The company's principal activities are as follows:

- Managing its subsidiary companies or participating in managing the other companies which it contributes in.
- Inversing stocks, bonds, and securities.
- Providing loans, guarantees and financing its subsidiary company.
- Ownership of patents, trademarks, franchise rights and other intangible rights and the utilization and lease them to subsidiary companies and others.

The Consolidated financial Statements Comprise the financial Statements of the following subsidiaries

Subsidiary Company	Place of registration	Registration year	Percentage of equity and votes	principal activity
Jordan Educational Co. (limited liability company)	Jordan	1998	100%	Importing and exporting goods and machineries, applying general maintenance, trading, and contributing in other companies
OFFTEC Leasing (limited liability company)	Jordan	2003	100%	Trading supplies and office equipments, brokerage and trade agencies, handling storage in free zones and importing and exporting
OFFTEC International (Exempted)(limited liability company)	Jordan	2007	100%	Managing investments, marketing and sales along with contributing in other companies and foundations, establishing. Participating and managing companies

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Subsidiary Company	Place of registration	Registration year	Percentage of equity and votes	principal activity
Trust International For Marketing and E- Commerce. (limited liability company)	Jordan	2004	100%	Marketing and trading in various methods including E-commerce.
OFFTEC Systems (limited liability company)	Jordan	2003	100%	Importing and exporting office and bank equipments, supplies, and automation systems.
OFFTEC IT Solution (limited liability company)	Jordan	2003	100%	Manufacturing computer, hardware and software.
Palestine Office Technology (limited liability company)	Palestine	1997	100%	Importing and exporting office automation systems.
Offtec for Engineering Services (limited liability company)	Sudan	2009	50%	business engineering, marketing and maintenance of office equipment
Egyptian for loyalty and reward (limited liability company)	Egypt	2011	95%	General trading in what is permitted by law and Determination to boost loyalty, bonuses and advertising by all communication means, audio, readable and visual.
E – points (limited liability company)	United Arab Emirates	2012	100%	Marketing and trading in various methods including E-commerce.
Offtec Commercial Investment	Iraq	2014	60%	Importing equipment, furniture, machinery and systems

The Company and its subsidiaries headquarters are in Amman, except for Palestine Office Technology which is located in The Palestinian Authority territories, Offtec for engineering services which is located in Sudan , Egyptian for loyalty , reward 'e-point' which is located in Arab Republic of Egypt and 'e-point'(LTD) which is located in UAE, and Offtec Commercial Investment which is located in Iraq .

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

As of December 31, The Company's Net Income shares in its subsidiaries accordance to net Owners' Equity as follows:

	2016	2015
The Company's shares in the income of Jordan Educational Company	48,688	61,232
The Company's share in the loss of OFFTEC Leasing Company	(18,657)	(23,201)
The Company's shares in the income of OFFTEC International	586,102	450,362
	<u>616,133</u>	<u>488,393</u>

As of December 31, the book value of investments in subsidiaries was determined by the equity method as follows:

	2016	2015
The book value of the investments in Jordan Educational Company	9,653,234	9,604,546
The book value of the investment in OFFTEC Leasing Company	720,285	738,942
The book value of the investment in OFFTEC International	35,864,614	35,278,512
	<u>46,238,133</u>	<u>45,622,000</u>

As of December 31, The Jordan Educational Company's shares in its subsidiaries determined by the equity method as follows:

	2016	2015
The subsidiary's share in the income of Trust International for Marketing and E-commerce	(35,056)	12,669
The subsidiary's share in the income of OFFTEC Systems Company	88,611	52,032
The subsidiary's share in the loss of OFFTEC IT Solutions	(4,971)	(9,388)
	<u>48,584</u>	<u>55,313</u>

The book value of The Jordan Educational Company's investment in subsidiaries was determined by the equity method as follows:

	2016	2015
The book value of the investment in Trust International for Marketing and E-commerce Company	638,151	673,207
The book value of the investment in OFFTEC Systems	589,428	496,817
The book value of the investment in OFFTEC IT Solutions	269,468	274,439
	<u>1,493,047</u>	<u>1,444,463</u>

As of December, 31 Offtec international (Exempted) share in its subsidiaries were determined by the equity method as follows:-

	2016	2015
The Subsidiary's share in the income of Offtec for Engineering services	349,506	339,271
The Subsidiary's share in the income of Palestine Office Technology	162,946	85,193
The Subsidiary's share in the income of e-point Egypt for loyalty and reward	68,085	5,541
The Subsidiary's share in the(loss) / income of e-point Dubai	2,356	(4,117)
The Subsidiary's share in the income offtec commercial investment	52,061	69,354
	<u>634,954</u>	<u>495,242</u>

The book values of Offtec international (Exempted) investment in subsidiaries were determined by the equity method as follows:

	2016	2015
The book value of Offtec for Engineering services	467,276	354,331
The book value of Palestine Office Technology	32,519,885	32,356,939
The book value of e-point Egypt for loyalty and reward	31,488	(36,597)
The book value of e-point Dubai	(13,457)	(15,813)
The book value of offtec commercial investment	198,610	146,549
	<u>33,203,802</u>	<u>32,805,409</u>

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

As of December 31, a summary of the total assets, liabilities, revenues and income of the Company's direct subsidiaries and the significant assets and liabilities are as follows:

1. OFFTEC International Ltd (Exempted)

	2016	2015
Total assets	40,291,088	38,574,642
Total liabilities	4,681,061	3,409,776
Total Owners' equity	35,610,027	35,164,866
Net revenues	7,240,517	7,390,222
Income for the year	973,897	836,160
Patent	4,000,000	4,000,000
Investment in the Reward Platform and consumer operations	26,672,497	26,672,497

2. Jordan Educational Company Ltd

	2016	2015
Total assets	17,891,471	13,221,459
Total liabilities	14,958,237	10,336,949
Total Owners' Equity	2,933,234	2,884,510
Net revenues and sales	19,178,410	10,212,001
Income for the year	48,688	61,232
Net income before interest, tax, depreciation (EBITDA)	536,360	576,475
Cash on hand and in banks	1,041,883	606,316
Accounts receivable, checks under collection and notes receivable	5,041,471	1,570,826
Due to banks	1,852,021	1,444,092
Accounts payable and other liabilities	1,207,766	1,847,678

3. OFFTEC Leasing Company Ltd

	2016	2015
Total assets	3,454,867	2,886,845
Total liabilities	3,279,748	2,692,392
Total Owners' Equity	175,119	194,453
Net revenues	3,370,237	3,199,736
Losses for the year	(18,657)	(23,201)
Net income before interest, tax, depreciation (EBITDA)	304,288	286,938
Accounts receivable and checks under collection	3,132,436	2,631,615
Property and equipment	284,326	184,298
Due to bank	109,151	107,568
Bank loan	1,910,570	1,612,041

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

As of December 31, total assets, liabilities, revenues, and income for Educational subsidiaries and the significant assets and liabilities are as follows:

4.Trust International for Marketing and E-commerce Ltd

	2016	2015
Total assets	1,182,211	1,224,470
Total liabilities	992,728	999,930
Total Owners' Equity	189,483	224,540
Net revenues	547,681	498,138
Income for the year	(35,056)	12,669
Net income before interest, tax, depreciation (EBITDA)	83,041	212,718
Cash on hand and in banks	362,352	357,181
Accounts receivable	232,562	211,308
Property and equipment	65,704	117,378
Due to banks	344,834	286,491
Other liabilities	26,054	45,806

5.OFFTEC Systems Ltd

	2016	2015
Total assets	10,458,446	4,911,058
Total liabilities	9,695,928	4,237,847
Total Owners' Equity	762,518	673,211
Net revenues	18,673,625	9,350,780
Income for the year	88,611	52,032
Accounts receivable and checks under collection	4,698,322	1,446,219
Inventories	2,370,052	2,612,013
Property and equipment	424,202	538,116

6.OFFTEC IT Solutions Ltd

	2016	2015
Total assets	1,020,381	1,058,858
Total liabilities	528,535	562,041
Total Owners' Equity	491,846	496,817
Losses for the year	(4,971)	(9,388)
Losses before interest, tax, depreciation (EBITDA)	(4,971)	(9,388)
Property and equipment	68,340	68,340

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

As of December 31, the total assets, liabilities, revenues and income for OFFTEC International (Exempted) subsidiary Company, the significant assets and liabilities were as follows:

7. Palestine Office Technology Ltd

	2016	2015
Total assets	4,905,827	3,942,039
Total liabilities	3,058,439	2,257,598
Total Owners' Equity	1,847,388	1,684,441
Net revenues	5,497,911	4,611,008
Income for the year	162,946	85,193
Accounts receivable and checks under collection	1,698,214	1,476,310
Property and equipment	211,316	212,864
Trade payables	1,208,006	850,825
Other liabilities	865,178	118,994

8. Offtec for engineering services - Sudan

	2016	2015
Total assets	806,878	1,284,031
Total liabilities	583,863	1,167,202
Total Owners' Equity	223,015	116,829
Total net revenues	1,526,041	1,552,217
Income for the year	699,011	678,542
Property and equipment	146,911	162,904

9. Egyptian for loyalty and rewards - Egypt

	2016	2015
Total assets	184,905	423,796
Total liabilities	98,149	432,856
Total Owners' Equity	86,756	(9,060)
Income for the year	71,668	5,833
Property and equipment	106,477	83,600
Cash and cash equivalent	22,674	11,366

10. E – points Dubai

	2016	2015
Total assets	418,078	281,483
Total liabilities	433,618	297,296
Total Owners' Equity	(15,540)	(15,813)
(Losses) / Income for the year	2,355	(4,117)
Cash and cash equivalent	13,821	34,195

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

11. Offtec Commercial Investment - Iraq

	2016	2015
Total assets	387,742	321,424
Total liabilities	56,516	34,022
Total Owners' Equity	331,226	287,402
Income /Losses for the year	86,769	115,591
Cash and cash equivalent	54,185	35,589

2. NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE:-

The following new standards and amendments to the standards have been issued but are not yet effective and the Company intends to adopt these standards, where applicable, when they become effective.

<u>New Standards</u>	<u>Effective Date</u>
(IFRS) No.9 – Financial Instruments	January 1, 2018
(IFRS) No.14 – Regulatory Deferral Accounts	January 1, 2016
(IFRS) No.15 – Revenue from Contract with Customers	January 1, 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements

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

The basis of consolidated financial statements preparation

These financial consolidated statements, were presented in Jordanian Dinar as the majority of transaction, The Company recorded the Jordan Dinar.

The consolidated financial statements have been prepared on historical cost basic, However financial assets and financial liabilities are stated at fair value. The following is a summary of significant accounting policies applied by the Company:

Basis of financial statements consolidation

The consolidated financial statements incorporate the financial statements of Offtec Group Company (Holding Company) and the subsidiaries controlled by the Company

Control is obtains when the Company has :

- Ability to exert power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- Ability to exert power over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above.

When the Company has less than a majority of the voting, The Company shall have control over the investee when the voting rights are sufficient to give it the ability to direct relevant activities of the investee individually.

When The Company reassesses whether or not it controls an investee, it considers all the relevant facts and circumstances which is includes:

- Size of the holding relative to the size and dispersion of other vote holders
- Potential voting rights, others vote-holders, and Other parties
- Other contractual rights
- Any additional facts and circumstances may indicate that the company has, or does not have, the current ability to direct the activities related to the time needed to make decisions, including how to vote at previous shareholders meetings.

The consolidation process begins when the Company's obtains control on the investee enterprise (subsidiary), while that process stops when the company's loses control of the investee (subsidiary). In particular Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement, and the consolidated comprehensive income statement from the effective date of acquisition and up to the effective date of which it loses control over a subsidiary Company.

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

The profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balances.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Company.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Financial assets designated at fair value through statement of comprehensive income

Financial assets are classified as at fair value through statement of income when the financial asset is either held for trading or it is designated as at fair value through statement of income. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through statement of income upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at fair value through statement of income.

Financial assets at fair value through statement of income are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the consolidated income statement.

Financial assets specified at fair value through statement of other comprehensive income

Specific financial assets at fair value through statement of other comprehensive income are non-derivative financial assets, the purpose of the acquisition is to keep them as available for sale until the date of maturity, not for trading

Differences in the change in fair value of financial assets specified at fair value through other comprehensive income statement are recorded in other comprehensive income statement.

Financial assets specified at fair value through statement of other comprehensive income that is have a market prices stated at fair value after deducting any accumulated Impairment losses in its fair value.

Financial assets specified at fair value through statement of other comprehensive income that is do not have a market prices and cannot determine the fair value stated at cost and any Decline in its value recorded in other comprehensive income statement.

Profits and losses resulting from differences of foreign currency translation for the debt instruments are recorded within the financial assets specified at fair value through other comprehensive income statement in the statement of other comprehensive income, while differences from foreign currency translation for the debt instruments are recorded in the accumulated change in fair value in owners' equity.

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Revenue

Revenues are recognized upon delivering merchandise and issuing an invoice indicating the agreed upon price, sale revenues are reported at net of trade and quantity discounts. Membership subscription revenues are recognized when services are fully rendered and a sales invoice is issued.

Sold points revenues are recognized when fully rendered based on the point-of-sale basis between owners of the points and traders.

Expenses

General and administrative expenses include direct and indirect costs not necessarily a part of production costs as required under accounting principles. An allocation of general and administrative expenses and cost of revenues are made on a consistent basis when required.

Cash and cash equivalents

Cash and cash equivalent include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

Treasury stock is reported

Treasury stock is reported as a separate item deducted from owners equity and does not have that right to the distributed dividends to the shareholders, and also does not have the right to vote in the general Assembly meetings of the Company, and is reported at acquisition cost.

Accounts payable and accrual

Accounts payable are stated at the obligation amounts for received services and goods, whether billed by the suppliers or not.

Accounts receivable

Accounts receivable are stated at their net realizable value, a provision for doubtful accounts is being made based on a review of all accounts receivables at the end of the year. Bad debts are written off in the period of their recognition.

Inventories

Inventories are stated at historical cost or market cost, whichever is lower, and cost of inventory is evaluated by the weighted average method except for Palestine Office Technology Company which evaluates its inventory by (FIFO) method.

Goodwill

International Accounting Standards Board issued International Financial Reporting Standard No.3 (Integration).

The recorded increase purchase cost over the fair value of invested as goodwill.

When the recoverable amount of this goodwill less than the net book value, goodwill is reduced to the recoverable amount and the value of the declining are recorded in the consolidated income statement.

Resulting Goodwill on acquisition of subsidiary or joint control of an entity represents the acquisition cost for the company's share in the net fair value of the assets, liabilities and contingent liabilities of the subsidiary identified and recognized as at the date of acquisition.

First, goodwill recorded as an asset on the basis of cost, then measured later on the basis of cost less accumulated decline in value.

For the purposes of impairment testing Goodwill is distributed to all cash-generating units in the company and which is expected to benefit from the integration process.

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Investments in lands and real estate

The International Accounting Standard N.O (40) states that investments in lands should be stated at their cost or fair value whichever more clearly determinable, the Company chooses recording its investments in lands at their cost in accordance with the Accounting principles and Standards.

Trading Investments

Investments in financial instruments are classified according to the Company's intent with respect to those securities, trading securities are stated at their fair value according to the closing prices of Amman Stock Exchange Market, and unrealized gains and losses thereon are included in the consolidated statement of income.

The Decline in value of the financial assets

In date of each statement of financial position, values of the financial assets have been reviewed, to determine if there indication to decline in its value.

As for the financial assets such as trade accounts receivable and assets was evaluated as individual low-value, where evaluated for the decline in the value on a collective basis. The substantive evidence for decline in portfolio of the accounts receivable includes the past experience about the collection of payments. And the increase in the number of the late payments portfolio (which it's beyond the rate of borrowing) also it includes the significant changes in the international and local economic conditions that are related with non-collection of accounts payable.

The Reduce in the listed value of the financial assets is the amount of loss decline of value directly. And this is for all the financial assets except the trade accounts receivable as the listed value have been reduced by provisions accounts. When is one of the accounts receivables are non-collected then write off the amount of this debt and the equal amount from account of the provisions.

The changes in the listed value for the provisions account are recognized in comprehensive income.

As for the ownership equity tools which are available for sale, decline losses are not closed in the recognized value in the profit and loss statement. However any increase in the fair value becomes after decline loss has recognized directly in shareholder's equity statement.

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Derecognition

The Company derecognize has the financial assets only when the contractual rights about receipt of cash flows from the financial assets had ended. Substantially all the risks and benefits of the ownership to another firm. In the case of the company doesn't transfer on retain substantially risks or benefits of the ownership and continue in control of the transferred assets, the company in this case recognize it's share retained in the transferred assets and the related liabilities in the limits of the amounts excepted to be paid . In the other case, when the company retained substantially all risks and benefits of owner ship of the transferred assets, the company will continue to recognize of the financial assets.

Investments in the developed Platform and consumer operations

The fair value of an investment in developed software and consumer operations is stated based on it's reimbursable value, and when it's book value exceeds it's reimbursable value, it's value is reduced to the estimated reimbursable value and the resulting impairment is presented in the statement of income.

Property and equipment

Property and equipment are stated at their cost after deducting their accumulated depreciation. Costs incurred for maintenance are expensed, while costs for developments and improvements are capitalized, Depreciation is computed based on the estimated useful life of property using the straight-line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	<u>Annual depreciation rate</u>
Furnitur ,decorations and Leasehold improvements	6-25%
Computers and communication devices	20-30%
Electrical, office equipments and machinery	15-25%
Leased equipment's	30%
Vehicles	15%
Other	20-10%

One exception is leased equipments in OFFTIC Leasing Company Ltd were their annual depreciation is being directly deducted from their acquisition cost without providing a related accumulated depreciation.

Useful lives and the depreciation method are reviewed periodically to make sure that the method and amortization period appropriate with the expected economic benefits of property and equipment.

Impairment test is performed to the value of the property and equipment that appears in the Statement of Financial Position When any events or changes in circumstances shows that this value is non-recoverable.

In case of any indication to the low value, Impairment losses are calculated according to the policy of the low value of the assets

At the exclusion of any subsequent property and equipment, recognize the value of gains or losses resulting, Which represents the difference between the net proceeds of exclusion and the value of the property and equipment that appears in the Statement of Financial Position, Gross Profit and loss.

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

The decline in value of the non-current assets

The decline in value of the non-current assets on the date of each financial position the company review the listed values for its assets to specify if there on is an indication to be decline losses of the value. If there indication to that, the recovery value of the asset will be appreciated to determine the loss of decline in the value if it be .In case, in ability to appreciate the recovery value of specific asset. The Company estimate the recovery value for unit producing of cash that related in the same asset .when there is ability to determine basis of distribution that is fixed and reasonable, the joint assets distribute to units producing of cash that related in the same asset. when there is ability to determine basis of distribution that is fixed and reasonable the joint assets distribute to specific units producing of cash or it distribute to smallest group from units producing cash that it able to determine basis of distribution fixed and reasonable for it.

The Recovery value is the fair value of asset minus the cost of sale or used value whichever is higher.

In case, the recovery value (or the unit producing of cash) distribute lower than the listed value, reduce the listed value for asset (or unit producing of cash) to the recovery value. Losses of the decline recognize directly in the income statement except the asset that is reevaluation then record losses of the decline as reduction from re-evaluation provision.

In case , recovery losses for decline of the value , Increase the listed value of asset (or unit producing of cash) to the fair value of recovery as not to increase the adjusted listed value of asset (on unit producing of cash) as if it had not been calculating the losses of the value decline in the previous years. Record recovery of losses in value decline directly either in the profit or the loss except the asset had been recording in the re-evaluation value. In this case, record recovery of losses in value decline as increase in the re-evaluation provision.

End of service indemnity

End of service indemnity in the financial statements of Palestine Office Technology Company (The Subsidiary) are calculated based on salaries on December 2015, 2016 respectively by a month salary for each year for every employee who worked for one year and more.

Foreign currency translation

Foreign currency transactions are translated into JOD at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of comprehensive income.

When compiling the financial statements assets and liabilities of the group abroad are transferred as at the date of the Consolidated statements of financial position to the JOD at the prices prevailing at the end of the year .The conversion of revenues and expenses accounts are stated on the basis of the average price for the period, the differences resulting from the conversion, if any, is presented in Owner's equity.

The provisions

The provisions had been formed, when the company has a present obligation (legal or expected) from past events which its cost of repayment is considered accepted and it has ability to estimate it reliably.

The provision had been measured according to the best expectations of the required alternative to meet the obligation as of the financial position date after considering the risks and not assured matters about the obligation. When the provision had been measured with the estimated cash flows to pay the present obligation, then the accounts receivable had been recognized as asset in case of receipt and replacement of the amount is certain and it able to measure the amount reliably.

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

The use of estimation

The preparation of financial statements and the application of accounting policies required of the Company's management to make estimates that affect the amounts of financial assets and liabilities and disclosure of contingent liabilities, these estimates also affect the revenues, expenses and provisions.

As well as changes in fair value that appears in the owners' equity

In particular, required of the company's management to issue important judgments to estimate the amounts of future cash flows and its times. Mentioned that the estimates are shown necessarily on the assumptions and multiple factors have a varying degree of appreciation and uncertainty and that actual result may differ from estimates. As a result of changes resulting about the conditions and circumstances of these estimates in the future.

sectorial report

The business sector represents a collection of assets and operation engaged together in providing product or services subjected to risks and returns that are different from those of other business sectors, which are measured according to the reports that are used by the executive director and the main decision – markers in the Company. The activity of the comprehensive vehicles Company (a subsidiary) consists of the main business sectors in sale and purchase of new and used cars, and investing in stocks and bonds traded on the Amman Stock Exchange for the company, except to deal in foreign stock markets.

Geographical segment is associated in providing products in particular economic environment subject to risks and returns that are differed from those for sectors to work in economic environment.

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 Bank intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Income tax

The Company is subject to Income Tax Law and its subsequent amendments and the regulations issued by the Income Tax Department in the Hashemite Kingdom of Jordan and provided on accrual basis, Income Tax is computed based on adjusted net income. According to International Accounting Standard number (12), the Company may have deferred taxable assets resulting from the differences between the accounting value and tax value of the assets and liabilities related to the provisions, these assets are not shown in the financial statements since it's immaterial.

Leasing

Leases are classified as capital lease whenever the terms of the lease transfer substantially all of the risks and rewards of ownership of the lease. All other leases are classified as operating lease.

Rentals payable under operating lease are presented on consolidated Comprehensive income statements during the period of operating lease on a straight line basis.

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

4-Intangible assets

	2016	2015
Good will	11,315,237	11,315,237
Investments in developed plat form and consumer operation	26,672,497	26,672,497
	37,987,734	37,987,734

Annual test for impairment

In 2017, the Company invested in all shares and capitals of Offtec Companies as disclosed in note (1) by JD 40,238,435 including concession fees by old partners of their shares on owner's equity basis as of

***Good Will**

January 1, 2007 and/or purchasing date by JD 28,923,198 and the difference of JD 11,315,237 is considered to be goodwill resulting from the purchase of all shares of the companies and subsidiaries.

****Investments in the developed Platform and consumer operations**

The Fair Value of the developed platform and consumer operations on recoverable amount basis, and when the book value exceeds the recoverable amount, it is to be stated at the recoverable amount and the impairment is reported in the statement of income.

-The annual impairment test of Goodwill

During the fiscal year, the Parent Company evaluated the recoverable amount of Goodwill, and determined no indication of impairment. The recoverable amount of cash generating unit is measured based on the net current amount of the expected cash flows through estimated budgets authenticated by the Company and that covers a period of five years within an annual discount rate of % 13, 5.

-The annual impairment test of the developed platform and consumer operations

During the fiscal year, the Parent Company evaluated the recoverable amount of the developed platform and consumer operations I, and determined no indication of impairment. The recoverable amount of cash generating unit is measured based on the net current amount of the expected cash flows through estimated budgets authenticated by the Company and that covers a period of five years within an annual discount rate of % 10.

During the fiscal year, the parent company assess the value of recoverable amount of the good well and been identified that was no decrease in the value of good will related to subsidiaries.

The recoverable amount of the cash generating unit measured on the basis of net present value of expected cash flows the budgets which are approved by the directors of the Company. Which covers a period of next 5 years using a discount rate of 15 % per year.

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

5. PROPERTY AND EQUIPMENT

	January 1	Additions	Disposal	December 31
Cost:				
Leasehold improvements	966,645	48,893	-	1,015,538
Furniture and decoration	364,553	29,909	-	394,462
Computers and communication devices	508,358	52,475	(11,500)	549,333
Electrical, office equipments and machinery	798,443	107,977	-	906,420
Leased equipments	694,923	71,776	-	766,699
Vehicles	452,092	151,730	-	603,822
Other	34,815	-	-	34,815
Projects under construction	68,340	-	-	68,340
Total cost	3,888,169	462,760	(11,500)	4,339,429
Depreciation:				
Leasehold improvements	417,501	153,654	-	571,155
Furniture and decoration	268,563	32,188	-	300,751
Computers and communication devices	397,279	59,561	(11,500)	445,340
Electrical, office equipments and machinery	469,822	106,068	-	575,890
Leased equipments	586,028	60,891	-	646,919
Vehicles	297,475	74,382	-	371,857
Other	28,477	4,046	-	32,523
Total depreciation	2,465,145	490,790	(11,500)	2,944,435
Book value at January 1	<u>1,423,024</u>			
Book value at December 31				<u>1,394,994</u>

6. Investment in land

The investment in the land number 744 area of Bellas 16 from Na'oor land mortgage on first and second-rate to Jordan commercial Bank.

7. PREPAID EXPENSES AND OTHER RECEIVABLES

	2016	2015
Letters of credit	188,269	263,570
Prepaid expenses	201,541	213,345
Due from sales tax and income tax	118,097	108,058
Refundable deposits	43,730	140,427
Due from employees and others	22,635	18,369
	<u>574,272</u>	<u>743,769</u>

8. ACCOUNTS RECEIVABLE

	2016	2015
Account receivables	12,285,401	6,798,524
Advanced payments to suppliers	392,720	288,550
Cheques under collection	366,650	551,432
Provision for doubtful accounts	(620,393)	(472,861)
	<u>12,424,378</u>	<u>7,165,645</u>

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

The transaction on the Provision for doubtful account during the year is as follows:

	2016	2015
Beginning balance	472,861	482,646
Returns during the year	-	(9,785)
Provision	147,532	-
Ending balance	620,393	472,861

9. STATUTORY RESERVE

In accordance with the Companies Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals the capital this reserve is not able to distribute as dividend.

10. TREASURY STOCK

The company during the year 2014 and 2015 purchased treasury stock 1,050,000 stock , the cost amount JD 398,503 these shares do not have a right to dividends to shareholders and vote in the General Assembly meetings of the company .

11. END OF SERVICE INDEMNITIES

	2016	2015
Beginning balance	574,119	456,280
Additions during the year	107,012	129,446
(less) paid amount	(10,841)	(11,607)
	670,290	574,119

12. SHORT- TERM LOANS

Bank Audi

OFFTEC Leasing Company L.L.C (Subsidiary) obtained a revolving loan of 670,000 JD to finance leasing contracts with 9.25% interest rate on installments and an annual commission of 0.5% guaranteed by the Holding Company.

Bank al Etihad

OFFTEC Leasing Company L.L.C (Subsidiary) obtained a revolving loan of JD 1,000,000 to finance leasing contracts with 9.25% interest rate on installments and an annual commission of 1% guaranteed by the Company.

Jordan Educational Co. L.L.C (Subsidiary) obtained a revolving loan of JD 200,000 guaranteed by the Holding Company.

Housing Bank for Trade and Finance

Jordan Educational Company obtained a revolving loan of 800,000 guaranteed by the Company.

Jordan commercial Bank

Offtec leasing company obtained a revolving loan of JD 350,000 by mortgaging land NO. (744) area of Bellas in Na'oor which is guaranteed by the Holding company.

13. LONG - TERM LOAN

Jordan Educational Co. (Subsidiary) obtained a diminishing loan of 300,000 JD paid on 36 Installment and the value of each installment 8,334 JD and paid every month with an interest of rate 9% And to guarantee the mortgage land number 744 area of Bellas 16 from Na'oor land mortgage on second-rate.

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

The company obtained from Jordan Commercial Bank a diminishing loan of 200,000 JD with an interest of rate 9% And to guarantee the mortgage land number 744 area of Bellas 16 from Na'oor land mortgage on second-rate.

	2016	2015
loan	100,049	278,740
Less: Current portion of long-term loan	100,049	166,667
Long – term loan		112,073

14. ACCRUED EXPENSES AND OTHER PAYABLES

	2016	2015
Accrued expenses	655,206	191,928
Shareholders deposit	44,958	44,957
Due to employees and others	72,688	10,049
Due to sales tax and income tax	11,737	57,768
Income tax provision	372,044	153,718
	1,156,633	458,420

15. ACCOUNTS PAYABLE AND DEFERRED CHEQUES

	2016	2015
Accounts payable	3,896,329	3,246,037
Deferred cheques	103,569	72,585
	3,999,898	3,318,622

16. DUE TO BANKS

Bank facilities for the Company and its affiliated companies are as follows:

Facilities granted by the Arab Bank limited

The credit facilities granted to the Jordan Educational Company Ltd ceiling of JD 400,000 to finance letter of credits and facilities guarantees of JD 500,000. Facilities are guaranteed by the Company.

Facilities granted by AL - Etihad Bank

Facilities granted by AL - Etihad Bank the facilities granted to Jordan Education Company Ltd with ceiling of JD 500,000 with JD 3,300,000 bills of collections which are guaranteed by the Company

Facilities granted by the Housing Bank for Trade and Finance

The credit facilities granted to Jordan Educational Company Ltd with a ceiling of JD 300,000 which guaranteed by the Company and facilities guarantees of JD 1,000,000.

Facilities granted by Bank Audi

The credit facilities granted to Trust International Company for Marketing and E-commerce with a ceiling of JD 350,000 guaranteed by a cash deposit in.

The credit facilities granted to OFFTEC Leasing Company with a ceiling of JD 100,000 dinars, with an interest of 9.25% which are guaranteed by the Company.

The credit facilities granted to Jordan Educational Company Ltd with Bank guarantees of 152,000 Euro guaranteed by the Company.

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Offtec Commercial Investment

The credit facilities granted in the form debt partner of JOD 200,000 with an interest of 9% And to guarantee the mortgage land number 744 area of Bellas 16 from Na'oor land mortgage on first-rate.

Facilities granted by the National Bank– Palestine

Palestine Office Technology (subsidiary company) obtained banking facilities of USD 2,615,000, Letters of credit facilities of Euro 60,000, USD 515,000 and Euro 60,000 and bills of collections of USD 2,100,000 guaranteed by the Company.

Facilities granted by Jordan Ahli Bank – Palestine

The credit facilities granted to Palestine Office Technology Company with a ceiling of EUO 190,000 guaranteed by the Company.

Facilities granted by Palestine Bank – Palestine

Palestine Office Technology (subsidiary) obtained overdrafts facilities of Israeli Shekel 300,000 and letters of credit of USD 500,000 and facititing of USD 500,000 and USD 500,000 of letters of create guaranteed by the Holding company.

Bank Jerusalem – Palestine

Palestine office Technology Company (subsidiary) obtained Bank Facilities by Euro 150,000 and it is guaranteed by the Holding Company.

17. INCOME TAX

Income tax provision movement is as follows:

	2016	2015
Balance at January 1	160,787	212,323
Paid during the year	(160,787)	(212,323)
Provision for the year	383,890	160,787
Balance at December 31	383,890	160,787

Income tax as reported in the income statement:

	2016	2015
Current year income tax	372,044	153,718
Previous years income tax	11,846	7,069
	383,890	160,787

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Summary of settling the accounting profit with the taxable profit:

	2016	2015
Accounting profit	3,877,576	1,544,502
Add: Non-taxable expenses	222,532	225,052
Deduct: Non-taxable revenue	(325,442)	(63,839)
Deduct: Non-controlling interest income	(387,796)	(385,507)
Taxable Income	3,386,870	1,320,208
Details:		
Taxable income 10%	2,956,180	971,785
Palestine taxable income 15%	194,260	262,913
Taxable income 20%	236,430	85,510
Taxable income 14%	-	-
Income tax for the year	372,044	153,718
 Legal Income tax rate	 %20	 20%
Actual Income tax rate	%10	10%

The Company settled its tax position with Income Tax Department till 2014.

The Jordan Educational Company Ltd settled its tax position with Income Tax Department till 2014.

Trust International for Marketing and E-commerce (subsidiary) tax position has been settled with Income Tax Department till 2014 submitted its self – assessed but it has not been reviewed.

OFFTEC Systems Company Ltd tax position has been settled with Income Tax Department till 2014. submitted its self – assessed but it has not been reviewed.

OFFTEC Leasing Company tax position has been settled with Income Tax Department till 2014 submitted its self – assessed but it has not been reviewed.

OFFTEC IT solution Company Ltd tax position has been settled with Income Tax Department till 2014 submitted its self – assessed but it has not been reviewed.

International office for investment is exempted from income tax, its tax position has been settled with Income Tax Department till 2014, except for year 2012 that hasn't been reviewed by the Income Tax Department As for 2015 the self – assessed report has been subsidiary but not reviewed.

Palestine Office Technology Company tax position has been settled up until 2011.

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

18. GENERAL, ADMINISTRATIVE, SELLING AND MARKETING EXPENSES

	2016	2015
Salaries and wages	4,409,596	3,743,027
Social security	371,272	321,474
Depreciation	469,322	431,022
Professional fees	209,335	169,278
Rents	503,230	357,531
Stationary and printings	57,164	51,938
Fees ,permits and stamps	163,577	108,831
Transportation , traveling and vehicles expenses	555,042	423,993
Board of directors transportation and fees	29,936	30,621
Advertisements	140,150	82,108
Water and electricity	110,709	98,864
Insurance	150,463	164,930
Telephone, postage and telex	100,577	90,753
Maintenance and spare parts	103,192	106,605
Selling and marketing expenses	591,370	445,209
Hospitality	93,905	83,189
Donations	11,942	9,954
Training	63,350	44,259
Miscall an eons	113,156	92,742
	<u>8,247,288</u>	<u>6,856,328</u>

19. CONTINGENCIES

As of December 31, the Company had the following contingencies:

	2016	2015
Bank guarantees	5,120,119	1,997,814
Goods purchases contracts	-	137,184

20. FINANCIAL INSTRUMENTS

Management of share capital risks

The Company manages its capital to make sure that the Company will continue when it is take the highest return by the best limit for debts and Owner's equity balances, The Company's strategy has not changed from 2015.

Structuring of Company's capital includes debts, which includes the disclosed borrowings in note's No, 12, 13, 16. And the Owner's equity in the Company which includes share capital, reserves, changes in currencies valuation and retained earnings as it listed in the changes in Owner's equity statement.

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

The typical debt rate

The board of directors is reviewing the share capital structure periodically, As a part of this reviewing, the board of directors consider the cost of share capital and the risks that is related in each faction from capital and debt factions, The Company's capital structure includes debts from the borrowing, The Company doesn't determine the highest limit of the typical debt rate and it doesn't expect increase in the typical debt rate by issuing a new debt during 2017.

	2016	2015
Debts	6,348,090	5,052,196
Shareholders' equity	47,809,117	44,923,096
Debt/ shareholders equity rate	%13	%11

This increase in the debt rates due to the Company gets a new loan and the loans payments will commence in 2016.

The management of the financial risks

The Company's activities might be exposed mainly to the followed financial risks:

Management of the foreign currencies risks

The Company is exposed to significant risks related with the foreign currencies changing,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Management of the interest price risks

Risk related to interest rate result mainly from borrowing money at varying interest rates and short term deposits at fixed interest rates,

Sensitivity of the statement of comprehensive income is the impact of the assumed changes possible prices of interest on the profit of the Company for one year and it is calculated based on the financial liabilities which carry variable interest rates at the end of the year.

The following table shows sensitivity of the statement of comprehensive income for possible changes and reasonable interest rates as of December 31 with all other effective variables constant:

<u>Currency</u>	<u>Interest rate increase</u>	<u>The impact on profit for the year</u>	
JD	Percentage points	2016	2015
	25	15,870 -	12,630 -
<u>Currency</u>	<u>Interest rate decrease</u>	<u>The impact on profit for the year</u>	
JD	Percentage points	2016	2015
	25	15,870 +	12,630 +

Other prices risks

The Company is exposed to price risks resulting from its investments in owner's equity to other companies; The Company keeps investments in other company's owner's equity for strategic purposes and not for trading purposes.

Credit risk management

The credit risks represent in one part of the financial instruments contracts has not obligated to pay the contractual obligations and due to that the company is exposed to financial losses, However, there are no any contracts with any other parts so the Company is not exposed to different types of the credit risks, The credits risks that are resulting from the cash money are specific because the parts that are dealing with it are local banks have good reputations and have been controlled from control parties,

The amounts had listed in the financial statements data represents the highest credit risk exposed to the trade accounts receivable and to the cash and cash equivalent.

OFFTEC HOLDING GROUP COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Management of liquidity risks

Board of directors is responsible for management of liquidity risks to manage the cash requirements, short, medium and long term liquidity, The Company managed the liquidity risks through controlling the future cash flow that evaluated permanently and correspond the due dates of assets and liabilities,

The following table represents the contractual eligibilities to non-derivative financial liabilities,

The table has prepared on the non-deducted cash flows to the financial liabilities basis according to the early due dates that may required from the Company to pay or receive,

The table below contains cash flows for major amounts and interests,

2016	<u>Interest rate</u>	<u>Year or less</u>	<u>More than one year</u>	<u>Total</u>
Tools without interest	-	5,922,415	720,260	6,642,675
Tools with interest	8% - 9,75%	6,348,090	-	6,348,090
Total		12,270,505	720,260	12,990,765
2015				
Tools without interest	-	3,790,096	744,723	4,534,819
Tools with interest	8% - 9,75%	4,940,123	112,073	5,052,196
Total		8,730,219	856,796	9,587,015

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issuance on March 26 , 2017 these financial statements require the General Assembly of shareholders approval.

22. COMPARATIVE FIGURES

Certain figures for 2015 have been reclassified to conform the presentation in the current year.