

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

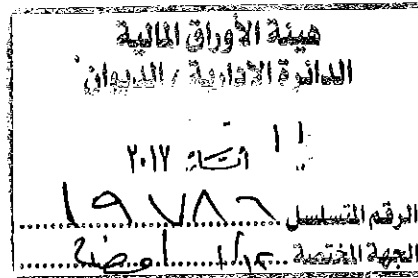
المدير العام

باسم سعيد



نسخة إلى:

- بورصة عمان
- مركز ايداع الأوراق المالية



**OFFTEC HOLDING GROUP COMPANY**  
**(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONSOLIDATED FINANCIAL**  
**STATEMENTS AND REVIEW REPORT**  
**FOR THE PERIOD ENDED MARCH 31, 2017**

**OFFTEC HOLDING GROUP COMPANY**  
**(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT**  
**FOR THE PERIOD ENDED MARCH 31, 2017**  
**(EXPRESSED IN JORDANIAN DINAR)**

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<b>INDEX</b>	<b>PAGE</b>
Report on reviewing the interim consolidated financial statements	1
Interim consolidated statement of Financial Position	2
Interim consolidated statement of Comprehensive Income	3
Interim consolidated statement of Owners' equity	4
Interim consolidated Statement of Cash flows	5
Notes to the interim consolidated Financial Statements	6 - 16

**REPORT ON REVIEWING THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

To the President and Members of the Board of Directors  
OFFTEC HOLDING GROUP COMPANY

**Introduction**

We have reviewed the accompanying Interim Consolidated Statement of Financial Position of Offtec Holding Group Company as of March 31, 2017, and the related statements of Comprehensive income, Owners' equity and cash flows for the period then ended. The Management is responsible for preparing and presenting company's financial statements in accordance with International Accounting Standard No. 34 (Interim Financial Reporting) which is an integral part of International Financial Reporting Standards. Our responsibility is limited to issue a conclusion on these interim financial statements based on our review.

**Scope of Review**

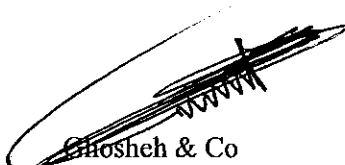
We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor". This standard requires that we plan and perform the review to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our review is primarily limited to inquiries of the company's accounting and financial departments personnel as well as applying analytical procedures of financial data. The range of our review is narrower than the broad range of audit procedures applied according to International Auditing Standards. Accordingly, obtaining assurances and confirmations about other significant aspects checked through an audit procedure was not achievable. Hence, We do not express an opinion regarding the matter.

**Other Matter**

We have not audited the financial statements of March 31, 2017 of Trust International for marketing and E-commerce (Jordan), Palestine Offtec Technology (Palestine), Offtec for engineering services (Sudan), Egyptian for loyalty and rewards (Egypt), which have audited by other auditors and we have been provided with their unqualified reports.

**Conclusion**

Based on our review, nothing has come to our attention that leads us to believe that the accompanying interim financial statements do not express a true and fair view in accordance with International Accounting Standard No. 34.

  
Ghosheh & Co  
Abdul Kareem Qunais  
License No (496)



Amman – Jordan  
April 25, 2017

**OFFTEC HOLDING GROUP COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS OF MARCH 31, 2017 AND DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

	Note	2017	(Adjusted) 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		37,987,734	37,987,734
Property and equipments		1,395,797	1,394,994
investments in land		945,423	945,423
<b>Total non-current assets</b>		<b>40,328,954</b>	<b>40,328,151</b>
<b>Current assets</b>			
Prepaid expenses and other receivables		544,899	574,272
Inventory		5,488,384	5,277,760
Accounts receivable		11,265,539	12,424,378
Cash and cash equivalents		2,349,195	2,423,409
<b>Total current assets</b>		<b>19,648,017</b>	<b>20,699,819</b>
<b>TOTAL ASSETS</b>		<b>59,976,971</b>	<b>61,027,970</b>
<b>LIABILITIES AND Owner's EQUITY</b>			
<b>Owners' equity</b>			
Share capital	1	39,690,000	39,690,000
Statutory reserve	4	1,047,606	1,047,606
Changes in foreign currencies translation resulting from consolidating the financial statements of a foreign subsidiary		(531,948)	(485,026)
Retained earnings	4	7,275,034	7,092,221
<b>Equity Holders</b>		<b>47,480,692</b>	<b>47,344,801</b>
Non - controlling interest		154,219	228,088
<b>Total Owners' equity</b>		<b>47,634,911</b>	<b>47,572,889</b>
<b>Non-current liabilities</b>			
Earned and unused point For E- Points		39,497	49,970
End of service indemnities		693,011	670,290
<b>Total non-current liabilities</b>		<b>732,508</b>	<b>720,260</b>
<b>Current liabilities</b>			
Accrued expenses and other Payables		1,094,484	1,156,633
Deferred Revenues		684,286	765,884
Deferred installment revenues	4	460,035	464,316
Accounts payable and deferred cheques		4,090,167	3,999,898
Short term loans		3,599,414	4,149,191
Current portion of long-term loan		51,131	100,049
Bank overdrafts		1,630,035	2,098,850
<b>Total current liabilities</b>		<b>11,609,552</b>	<b>12,734,821</b>
<b>TOTAL LIABILITIES AND Owners' EQUITY</b>		<b>59,976,971</b>	<b>61,027,970</b>

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

**OFFTEC HOLDING GROUP COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
(UNAUDITED)  
**FOR THE PERIOD ENDED MARCH 31, 2017**  
(EXPRESSED IN JORDANIAN DINAR)

	For the three months ended March 31, 2017	For the three months ended March 31, 2016
Revenues	4,979,294	5,226,298
Cost of revenues	(2,741,264)	(2,336,776)
<b>Gross profit</b>	<b>2,238,030</b>	<b>2,889,522</b>
General, administrative, selling and marketing expenses	(1,778,517)	(2,007,187)
Financial charges	(183,418)	(141,597)
Account Receivables impairment provision	28,821	(109,171)
Slow-moving goods provision	4,621	(25,000)
Other revenues	62,877	53,321
<b>Net income before income tax</b>	<b>372,414</b>	<b>659,888</b>
Income tax	(91,451)	(147,570)
<b>NET INCOME</b>	<b>280,963</b>	<b>512,318</b>
<b>Other comprehensive income:</b>		
Change foreign currencies translation resulting from consolidating the financial statements of foreign subsidiaries	(46,922)	(145)
<b>Total comprehensive income</b>	<b>234,041</b>	<b>512,173</b>
<b>Income for the period due to:</b>		
Owners of the parent	182,813	329,589
Non-controlling interest	98,150	182,729
	<b>280,963</b>	<b>512,318</b>
<b>Total comprehensive income due to :</b>		
Owners of the parent company	135,891	329,444
Non-controlling interest	98,150	182,729
	<b>234,041</b>	<b>512,173</b>
<b>Earnings per share:</b>		
Earnings per share-JD/Share	0,008	0,008
Weighted average of outstanding shares	40,341,497	40,341,497



**OFFTEC HOLDING GROUP COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**INTERIM CONSOLIDATED STATEMENT OF OWNERS' EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2017**  
(EXPRESSED IN JORDANIAN DINAR)

	Share capital	Statutory reserve	Treasury stock	Changes in foreign Currencies translation	Retained earnings (Adjusted)	Total
Balance as of January 1, 2017 (Adjusted)	39,690,000	1,047,606	-	(485,026)	7,092,221	47,344,801
Comprehensive income	-	-	-	(46,922)	182,813	135,891
Balance as of March 31, 2017	39,690,000	1,047,606	-	(531,948)	7,275,034	47,480,692
Balance as of January 1, 2016 (Adjusted)	40,740,000	712,334	(398,503)	(265,157)	3,678,732	44,467,406
Comprehensive income (Adjusted)	-	-	-	(145)	329,589	329,444
Balance as of March 31, 2016 (Adjusted)	40,740,000	712,334	(398,503)	(265,302)	4,008,321	44,796,850

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



**OFFTEC HOLDING GROUP COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2017**  
(EXPRESSED IN JORDANIAN DINAR)

	For the three months ended March 31, 2017	For the three months ended March 31, 2016
<b>OPERATING ACTIVITIES</b>		
Net income	182,813	337,139
Adjustments on net income:		
Depreciation	166,900	115,421
Financial charges	183,418	141,597
Changes in foreign currencies translation	(46,922)	(145)
Changes in operating assets and liabilities:		
Accounts receivable	1,158,839	(1,299,306)
Inventories	(210,624)	(3,661,717)
Prepaid expenses and other receivables	29,373	(684,246)
Accounts payable, deferred Cheques	90,269	(497,649)
Deferred Revenues	(85,879)	4,762,162
Accrued expenses and other Payables	(62,149)	150,586
End of service indemnities	(10,473)	15,787
Earned and unused point For E- Points	22,721	(21,097)
<b>Cash available from /(used in) operating activities</b>	<b>1,418,286</b>	<b>(641,468)</b>
Financial charges paid	(183,418)	(141,597)
<b>Net cash available from/(used in) operating activities</b>	<b>1,234,868</b>	<b>(783,065)</b>
<b>INVESTING ACTIVITIES</b>		
Changes in property and equipments	(167,703)	(70,076)
<b>Net cash used in investing activities</b>	<b>(167,703)</b>	<b>(70,076)</b>
<b>FINANCING ACTIVITIES</b>		
Bank overdrafts	(468,815)	376,217
Loans	(598,695)	992,639
Non-controlling interests	(73,869)	140,564
<b>Net cash (used in) / available from financing activities</b>	<b>(1,141,379)</b>	<b>1,509,420</b>
<b>Net change in cash and cash equivalents</b>	<b>(74,214)</b>	<b>656,279</b>
Cash and cash equivalents, as of January 1	2,423,409	2,241,297
<b>CASH AND CASH EQUIVALENTS, AS OF March 31</b>	<b>2,349,195</b>	<b>2,897,576</b>

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

**OFFTEC HOLDING GROUP COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MARCH 31, 2017**  
(EXPRESSED IN JORDANIAN DINAR)

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**1. ORGANIZATION AND ACTIVITIES**

OFFTEC HODING 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 398,503 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 as of March 31, 2017 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**  
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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED MARCH 31, 2017**  
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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**  
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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED MARCH 31, 2017**  
(EXPRESSED IN JORDANIAN DINAR)

As of December 31, 2016 and March 31, 2017 The Company's Net Income shares in its subsidiaries accordance to net Owners' Equity as follows:

	2017	2016
The Company's shares in the income of Jordan Educational Company	143,708	48,688
The Company's share in the loss of OFFTEC Leasing Company	14,247	(18,657)
The Company's shares in the income of OFFTEC International	160,386	586,102
	<u>318,341</u>	<u>616,133</u>

As of December 31, 2016 and March 31, 2017, the book value of investments in subsidiaries was determined by the equity method as follows:

	2017	2016
The book value of the investments in Jordan Educational Company	9,796,942	9,653,234
The book value of the investment in OFFTEC Leasing Company	725,906	711,659
The book value of the investment in OFFTEC International	36,025,000	35,864,614
	<u>46,547,848</u>	<u>46,229,507</u>

As of December 31, 2016 and March 31, 2017, 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)**

	2017	2016
Total assets	39,856,053	40,291,088
Total liabilities	4,216,273	4,681,061
Total Owners' equity	35,639,780	35,610,027
Net revenues	2,180,0104	7,240,517
Income for the year	258,535	973,897
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**

	2017	2016
Total assets	19,064,269	17,891,471
Total liabilities	15,984,341	14,958,237
Total Owners' Equity	3,079,928	2,933,234
Net revenues and sales	2,566,108	19,178,410
Income for the year	143,707	48,688
Net income before interest, tax, depreciation (EBITDA)	320,296	536,360
Cash on hand and in banks	763,267	1,041,883
Accounts receivable, checks under collection and notes receivable	3,008,33	5,041,471
Due to banks	881,949	1,852,021
Accounts payable and other liabilities	768,174	1,207,766

**OFFTEC HOLDING GROUP COMPANY**  
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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED MARCH 31, 2017**  
(EXPRESSED IN JORDANIAN DINAR)

**3.OFFTEC Leasing Company Ltd**

	2017	2016
Total assets	3,562,794	3,454,867
Total liabilities	3,875,209	3,279,748
Total Owners' Equity	(312,415)	175,119
Net revenues	260,678	3,370,237
Losses for the year	14,247	(18,657)
Net income before interest, tax, depreciation (EBITDA)	3,146,229	304,288
Accounts receivable and checks under collection	335,423	3,132,436
Property and equipment	93,097	284,326
Due to bank	2,004,200	109,151
Bank loan	3,562,794	1,910,570

**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 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, 2018
(IFRS) No.15 – Revenue from Contract with Customers	January 1, 2019

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED MARCH 31, 2017**  
(EXPRESSED IN JORDANIAN DINAR)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

The interim consolidated financial statement is presented in Jordanian Dinar, since that is the currency in which the majority of the Company's transactions are denominated.

The interim financial statements have been prepared on historical cost basis.

The interim statements do not include all the information and notes needed in the annual financial statement and must be reviewed with the ended financial statement at December 31, 2016, in addition to that the result for the three months ended in March 31, 2017 is not necessarily to be the expected results for the financial year ended December 31, 2017.

**Significant accounting policies**

The accounting policies used in the preparation of the interim financial information are consistent with those used in the audited financial statements for the period ended 31 December 2016.

**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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED MARCH 31, 2017**  
(EXPRESSED IN JORDANIAN DINAR)

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- 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 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.

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.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED MARCH 31, 2017**  
(EXPRESSED IN JORDANIAN DINAR)

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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.

**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**

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 it's 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.



**OFFTEC HOLDING GROUP COMPANY**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED MARCH 31, 2017**  
**(EXPRESSED IN JORDANIAN DINAR)**

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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.

**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 PERIOD ENDED MARCH 31, 2017**  
(EXPRESSED IN JORDANIAN DINAR)

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**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:

	Annual depreciation rate
Furniture ,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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED MARCH 31, 2017**  
**(EXPRESSED IN JORDANIAN DINAR)**

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**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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED MARCH 31, 2017**  
(EXPRESSED IN JORDANIAN DINAR)

**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.

**4- Adjustments of 2016's financial statements**

The financial statements of 2016 have been adjusted due to the change of the policy of revenue recognition in the subsidiary. Revenues were recognized upon the issuance of an invoice and as a result of changing the companies activities from trading devices, equipments and educational supplies and brokers to financing, revenues are recognized upon installments.

And as a result of the aforementioned, the financial statements of 2016 have been adjusted and so the adjusted balances became as follows:

	<b>Before adjustment</b>	<b>After Adjustment</b>	<b>impact</b>
Statutory reserve	1,048,469	1,048,469	-
Retained Earnings	7,555,674	7,092,221	463,453
Deferred installment revenues	-	464,316	464,316