

الرقم: 413/88122/4/1

التاريخ: 2018/4/1

الموافق: 24/ رجب/ 1439

للإيضاح

* بورصة عمان
* السيد صالح
السيد عمر
السيد محمد

4/5

السادة/ هيئة الأوراق المالية المحترمين

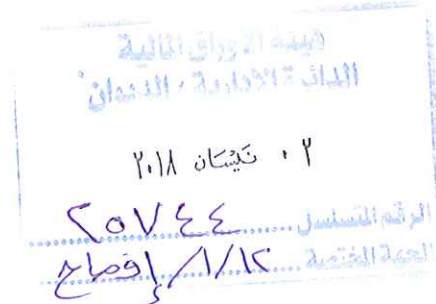
تحية طيبة وبعد،

لاحقاً لكتابنا رقم 400/88122/4/1 تاريخ 2018/3/28، أرفق البيانات المالية باللغة الإنجليزية لشركة بورصة عمان للسنة المنتهية في 2017/12/31.

وتفضلوا بقبول فائق الاحترام،،،



باسام ابو عباس
نائب المدير التنفيذي



**AMMAN STOCK EXCHANGE
(PUBLIC SHAREHOLDING COMPANY)**

FINANCIAL STATEMENTS

**FOR THE PERIOD SINCE INCORPORATION ON 20 JUNE 2017
UNTIL 31 DECEMBER 2017**

**AMMAN STOCK EXCHANGE
(PUBLIC SHAREHOLDING COMPANY)**

FINANCIAL STATEMENTS

FOR THE PERIOD SINCE INCORPORATION ON 20 FEBRUARY 2017 UNTIL 31 DECEMBER 2017

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF COMPREHENSIVE INCOME	5
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 21



**INDEPENDENT AUDITOR'S REPORT
TO THE CHAIRMAN AND BOARD OF DIRECTORS OF AMMAN STOCK EXCHANGE
(PUBLIC SHAREHOLDING COMPANY)**

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Amman Stock Exchange (later the "Company") as at 31 December 2017, and its financial performance and its cash flows for the period since incorporation on 20 February 2017 until 31 December 2017 in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise of:

- the statement of financial position as at 31 December 2017;
- the statement of comprehensive income for the period since incorporation on 20 February 2017 until 31 December 2017;
- the statement of changes in shareholders' equity for the period since incorporation on 20 February 2017 until 31 December 2017;
- the statement of cash flows for the period since incorporation on 20 February 2017 until 31 December 2017; and
- Notes to the financial statements, which include a summary of significant accounting policies.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence

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

Other matters

As explained above, Amman Stock Exchange was established in accordance with the two resolutions issued by the Jordanian council of ministers in two sessions held on 29 September 2016 and 27 November 2016. These financial Statements are issued for the first time for the Company; hence, no comparative figures are available.



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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For and on behalf PricewaterhouseCoopers "Jordan" LLC

Osama Marouf
License No. (718)

Amman, Jordan
25 March 2018



**AMMAN STOCK EXCHANGE
(PUBLIC SHAREHOLDING COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Note	31 December 2017 JD
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	5	2,916,795
Projects under construction	6	435,431
		<u>3,352,226</u>
CURRENT ASSETS		
Trade and other receivables	7	323,718
Cash on hand and at banks	8	4,997,505
		<u>5,321,223</u>
TOTAL ASSETS		<u>8,673,449</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		
EQUITY		
Share capital	9	4,774,525
Statutory reserve	9	46,854
Voluntary reserve	9	93,708
Capital increase reserve	10	2,414,491
Profits of the period		234,272
TOTAL SHAREHOLDERS' EQUITY		<u>7,563,850</u>
LIABILITIES		
CURRENT LIABILITIES		
Other payables	11	341,676
Provision for legal liabilities	12	674,214
Provision for income tax	13	93,709
TOTAL LIABILITIES		<u>1,109,599</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>8,673,449</u>

The accompanying notes from 1 to 15 form an integral part of these financial statements

**AMMAN STOCK EXCHANGE
(PUBLIC SHAREHOLDING COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD SINCE INCORPORATION ON 20 FEBRUARY 2017 UNTIL 31 DECEMBER 2017**

	Note	For the period since incorporation on 20 February 2017 until 31 December 2017 JD
REVENUE		
Operating revenue	14	2,393,148
EXPENSES:		
Administrative expenses	15	(1,813,173)
Depreciation	5	(224,696)
OPERATING PROFIT FOR THE PERIOD		<u>355,279</u>
Other revenues		8,195
Bank interests		105,069
PROFIT FOR THE PERIOD BEFORE INCOME TAX		<u>468,543</u>
Income tax	13	(93,709)
PROFIT FOR THE PERIOD		<u>374,834</u>
Other comprehensive income items		-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>374,834</u>

The attached notes from 1 to 15 are an integral part of these financial statements

**AMMAN STOCK EXCHANGE
(PUBLIC SHAREHOLDING COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD SINCE INCORPORATION ON 20 FEBRUARY 2017 UNTIL 31 DECEMBER 2017**

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Voluntary reserve</u>	<u>Capital increa reserve</u>
	JD	JD	JD	JD
2017				
Balance as at 20 February 2017 - Incorporation date	4,774,525	-	-	2,456,8
Profit for the period	-	-	-	
Transfers to reserves	-	46,854	93,708	
Transfers from capital increase reserve	-	-	-	(42,3
Balance as at 31 December 2017	<u>4,774,525</u>	<u>46,854</u>	<u>93,708</u>	<u>2,414,4</u>

The attached notes from 1 to 15 are an integral part of these financial sta

**Amman Stock Exchange
(PUBLIC SHAREHOLDING COMPANY)
STATEMENT OF CASH FLOWS
FOR THE PERIOD SINCE INCORPORATION ON 20 FEBRUARY 2017 UNTIL 31 DECEMBER 2017**

	For the period since incorporation on 20 February 2017 until 31 December 2017
	JD
OPERATING ACTIVITIES	
Profit for the period	468,543
ADJUSTMENTS:	
Depreciation	224,696
CHANGES IN WORKING CAPITAL ITEMS:	
Trade and other receivables	(323,718)
Other payables	341,676
Legal liabilities	674,214
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>1,385,411</u>
INVESTING ACTIVITIES	
Purchase of property and equipment	(727,000)
Payments for projects under construction	(435,431)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(1,162,431)</u>
FINANCING ACTIVITIES	
Paid-up capital	4,774,525
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>4,774,525</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>4,997,505</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2017	<u>4,997,505</u>

The accompanying notes from 1 to 15 form an integral part of these financial statements

**AMMAN STOCK EXCHANGE
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD SINCE INCORPORATION ON 20 FEBRUARY 2017 UNTIL 31 DECEMBER 2017**

(1) GENERAL INFORMATION

Amman Stock Exchange (ASE) was established on 11 March 1999 as a non-profit independent institution; authorized to function as a regulated market for trading securities in Jordan under the Securities Law and its amendments No. 23 of 1997.

On 20 February 2017, the ASE has been registered as a public profit -shareholding company fully owned by the Jordanian Government under the name "Amman Stock Exchange Company (ASE Company) in execution of the Council of Ministers' resolution taken on its session held on 29 September 2016 with a capital of JD 4,774,525. The ASE Company shall be the legal and factual successor to the ASE. The ASE Company is governed by a seven-member board of directors appointed by the Council of Ministers and a full time chief executive officer, who oversees day-to-day responsibilities.

The main objectives of the Company are as follows:

- Operate, manage and develop the operations and activities of securities, commodities, and derivatives markets inside and outside Jordan.
- Seek to provide a strong and secure environment to ensure the interaction of supply and demand forces for trading in securities in proper and fair trading practices.
- Spread the culture of investment in financial markets and develop knowledge about the financial markets and services provided by the Company.
- Undertake any other activities taken by the stock exchanges as stipulated under the relevant laws, regulations and instructions.

The registered address of the Company is P.O. Box: 212466 Amman 11121, the Hashemite Kingdom of Jordan.

In execution of the resolution of registering the ASE as a public profit shareholding company, on 29 September 2016, a committee was set up for the purpose of revaluing the current and non-current assets of Amman Stock Exchange and determining its capital. After completion of the revaluation procedures, it was recommended that the capital of the ASE Company upon incorporation will be JD 4,774,525. The capital is calculated as the net equity as at 30 September 2016 as follows:

	30 September 2016 JD
Total non-current assets(*)	776,558
Total current assets	5,008,513
	<u>5,785,071</u>
Total current liabilities	<u>(1,010,546)</u>
Net assets	<u>4,774,525</u>

- * The Committee decided to exclude the value of the share that ASE owns in the land, and the building which accommodate the centers of Amman Stock Exchange, the Securities Depository Center ("SDC") and Jordan Securities Commission ("JSC") in Amman. The carrying amount of ASE's share which is 28% amounts to JD 1,244,147.

**AMMAN STOCK EXCHANGE
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD SINCE INCORPORATION ON 20 FEBRUARY 2017 UNTIL 31 DECEMBER 2017**

The committee also excluded the value of a land located in the Irbid Development Area amounting to JD 1,251,800.

The above mentioned properties have been excluded from the calculation of ASE's capital due to the fact that the registration of the ownership of these properties in the name of the Amman Stock Exchange was not completed at the Land and Survey Department as of the date of the Commission's report on 8 November 2016. The ownership of the land and the building is wholly owned by the Jordan Securities Commission. However, 28% of the value of the land and the building constructed thereon was recognized in the stock market records pursuant to the decision of the Board of Commissioners of the Securities Commission No. (50/2001) dated 15 May 2001, as the Company financed this percentage.

On 27 August 2017, the ASE Company requested the Securities Commission to transfer the title of its share (28%) of the land and the building thereon, which is currently under name of the Securities Commission at the Land and Survey Department, to the name of the ASE Company. In its meeting held on 26 November 2016, the Council of Ministers approved the following recommendations of the Economic Development Committee issued in its session dated 21 November 2016, which approved the registration of the Company's share (28%) in the Securities Commission's building. The procedures for transferring the title of the property have not been completed until the approval date of these financial statements.

In relation to the title of the land located in Irbid Development Area, the land was registered in the Exchange's records under purchase contracts signed with North Development Company. The full amount of this land amounting to JD 1,251,800 was paid; however, the North Development Company did not yet transfer the title to the ASE until the committee's report dated 8 November 2016.

The financial statements were approved by the management on 21 March 2018.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the company in the preparation of these condensed interim financial statements are set out below:

2-1 Basis of preparation

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

The Jordanian Dinar is the Company's presentation currency in the financial statements, which is the functional currency of the Company.

The financial statements have been prepared under the historical cost convention.

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

2-2 Changes in accounting policies and disclosures

a. New and amended standards and interpretations issued and adopted by the Company for the financial period beginning on 20 February 2017 which do not have a significant impact on the financial statements:

- Amendments to the IAS 12 "Income tax" - recognition of deferred tax assets for unrealisable losses.
- Amendments to IAS 7 'Statement of cash flows' - improving disclosures.
- Amendments to IAS 40 "Investment properties" - transfers of investment properties.
- Annual amendments to IFRSs – 2012-2014 Cycle.

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

b. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been issued that are not mandatory for the financial period ended 31 December 2017 and have not been early adopted by the Company. The Company assesses the impact of these new standards and interpretations set out below.

- IFRS (9), 'Financial instruments', addresses the classification, measurement, recognition and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The standard introduced the new impairment model for recognition of impairment provisions. The Company reviewed its financial assets and liabilities, and expects no material impact on the financial Statements as a result of adopting the new standard on 1 January 2018.

The Company's financial assets includes:

- Trade and other receivables.
- Cash on hand and at banks.

In respect of trade and other receivables, these items represent debt instruments that are currently classified as held to maturity and are measured at amortized cost, which meet the standards for classification at amortized cost under IFRS 9 "Financial Instruments." Hence, the Company does not expect any impact of the new instructions on classification and measurement of these financial assets.

The new standard also introduces extensive disclosure requirements and changes in presentation. The nature and extent of the Company's disclosures about financial instruments are expected to change, particularly in the year of adoption of the new standard

The Company does not expect to have any impact on the Company's accounting of financial liabilities as the new requirements only affect the accounting of financial liabilities classified at fair value through income statement and the Company has no such financial liabilities. The de-recognition rules have been transferred from IAS 39 "Financial Instruments": "Recognition and measurement" but not changed.

**AMMAN STOCK EXCHANGE
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD SINCE INCORPORATION ON 20 FEBRUARY 2017 UNTIL 31 DECEMBER 2017**

- FRS 15 "Revenue from contracts with customers". The International Accounting Standards Board issued new standards for the recognition of revenue. This standard will replace IAS 18 which covers goods and services contracts and IAS 11 which covers construction contracts. Based on the new standard, revenues are recognised upon the transfer of control of the goods or services to the customer. The standard permits the adoption with full or amended retrospective impact.
- IFRS 16, 'Leases'. This standard was issued in January 2016 and shortly will lead to recognition of all leases at the statement of financial position, as the difference between the operating and financing leases is eliminated. The standard requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals. Exemption exists for short-term and low-value leases.

Accounting for lessors did not change significantly and its adoption is mandatory for financial years beginning on or after 1 January 2019. At this stage, the Company does not intend to apply the standard before its effective date.

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

2-3 Foreign currency translation

a- Functional and presentation currency

Items included in the financial statements of the Company are evaluated using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Jordanian Dinar, which is the Company's functional and presentation currency.

b- Transactions and balances

Foreign currency transactions are translated into the Jordanian Dinar using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'.

2-4 Property and equipment

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

Subsequent costs are included in the asset's value or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the assets will flow to the Company and the cost of these assets can be measured reliably. The

**AMMAN STOCK EXCHANGE
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD SINCE INCORPORATION ON 20 FEBRUARY 2017 UNTIL 31 DECEMBER 2017**

carrying amount of the replaced part is derecognised. All other repairs and maintenance expenses are charged to the statement of financial performance.

- Lands are not depreciated.

Depreciation is calculated using the straight-line method to allocate their cost over the estimated useful lives as follows: The main useful lives used for this purpose are as follows:

	<u>Years</u>
Buildings	40
Computers	6 -7
Vehicles	6 - 7
Machines and equipment	6 - 7
Furniture and fixtures	5 - 10

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

An asset's value is written down to its recoverable amount if the net book value of any item of property and equipment is greater than its recoverable amount, and the decrease is recognised in the statement of income. Gain and loss arising on disposal of property and equipment are determined by comparing the proceeds with the book value of the asset and are recognised in the statement of income.

2-5 Projects under construction

Projects under construction are stated at cost and include the cost of construction and direct expenses according to the percentage of completion; in addition to the interest of the capitalized loans. Projects under construction are not depreciated until the related assets are ready for use.

2-6 Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2-7 Trade receivables

Trade receivables are amounts due from brokerage customers and public shareholding companies for trading services rendered in the ordinary course of business.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2-8 Cash on hand and at banks

Cash on hands and at banks include cash on hand, deposits held at call with banks with original maturities of three months or less.

2-9 Provisions

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

2-10 Impairment of financial assets

ε

The Company reviews stated values of financial assets at the reporting date to determine whether indications of their impairment exist, individually and in the aggregate. If such indications exist, recoverable amount is estimated to determine impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of debt. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying value and the present value of estimated future cash flows discounted at the effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of financial performance. Non-collectible trade receivables are written off against the provision for impairment of trade receivables. Subsequent recoveries of amounts previously written off are credited under other revenue in the statement of financial performance.

2-11 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for services rendered in the ordinary course of the Company's activities. The Company recognises revenue when the amount of the revenue is reliably measured and it is probable that future economic benefits will flow to the Company, and when the conditions for realising revenue are met. Revenues are recognised upon rendering the services and when the collection of the sale-related receivables is reliable.

2-12 Employee benefits

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

2-13 Income tax

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

(3) FINANCIAL RISK MANAGEMENT

3-1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including Foreign exchange risk, Cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

a. Market risk

- Foreign currency exchange risk

Most of the Company's transactions are in Jordanian Dinars, therefore the foreign exchange risks are considered immaterial.

b. Credit risk

The Company has no significant concentrations of credit risk. Financial assets that are subject to credit risk are limited to cash and cash equivalents, trade and other receivables. The Company only deals with financial institutions of acceptable credit rating. The Company has a policy for limiting the credit risk at a single financial institution. The Company also applies a clear credit policy for all brokerage Companies.

c. Liquidity risk

Liquidity risk consists of maintaining sufficient cash.

All undiscounted financial liabilities of the Company are due within 12 months from the financial statements date.

3-2 Fair value

The carrying amount value of the accounts and other receivables and other payables approximates their fair value.

3-3 Financial instruments by category

	31 December 2017
	JD
Assets as per the statement of financial position	
Loans and receivables	
Accounts and other receivables (excluding prepaid expenses and refundable deposits)	197,364
Cash on hand and at banks	4,997,505
	5,194,869
Liabilities as per the statement of financial position	
Financial liabilities at amortised cost	
Accounts and other payables (Excluding revenue received in advance)	307,801

(4) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risks of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below:

a. Provision for doubtful receivables

The Company establishes a provision for impairment of trade receivables in accordance with the accounting policy stated in note (2-10). The carrying amount is compared with the recoverable amount of trade receivables for the purpose of determining the provision amount. These calculations require the use of estimates.

b. Income tax

The Company is subject to income tax, which requires making significant judgements in determining the provision for income tax. There are several transactions and calculations related to the Company's ordinary business for which tax determination is not identified. The Company recognises liabilities for tax auditing depending on its expectations on whether there would be any additional tax. If the final tax assessment is different from what was recorded, such differences affect the income tax in the period in which such differences are determined.

AMMAN STOCK EXCHANGE
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD SINCE INCORPORATION ON 20 FEBRUARY 2017 UNTIL 31 DECEMBER 2017

(5) PROPERTY AND EQUIPMENT

	Lands	Buildings	Computers	Vehicles	Machines and equipment	Furniture and fixtures	Total
	JD	JD	JD	JD	JD	JD	JD
2017							
Cost							
Balance as at 20 February 2017 -							
Incorporation date	1,251,800	1,963,365	3,645,886	191,953	208,533	138,983	7,400,620
Additions	-	-	1,861	-	12,498	-	14,359
Transfer from projects in progress	-	-	256,287	-	-	-	256,287
As at 31 December 2017	1,251,800	1,963,365	3,904,034	191,953	221,131	138,983	7,671,266
Accumulated depreciation							
Balance as at 20 February 2017 -							
Incorporation date	-	758,314	3,283,267	189,041	175,577	128,576	4,529,775
Depreciation for the period	-	42,360	167,915	1,638	8,955	3,828	224,696
As at 31 December 2017	-	800,674	3,451,182	190,679	184,532	127,404	4,754,471
Net book value as at 31 December 2017	1,251,800	1,162,691	452,852	1,274	36,599	11,579	2,916,795

Included in the lands and buildings categories above, certain assets that are currently not registered in the name of the ASE (as explained in note 1). The Council of Ministers decided on 26 November 2017 to approve the registration of the Company's share of 28% in the land and building currently owned by the Jordan Securities Commission. Procedures to transfer the ownership share in the land and building at a net book value JD 1,162,691 building were not carried out with the related Authorities until preparation of these financial Statements.

On 15 December 2009, the ASE bought a land in the city of Irbid from the North Development Company with a cost of JD 1,251,800, for the purpose of establishing a location. The registration process of the land for the benefit of the ASE is still incomplete. (As explained in note 1).

AMMAN STOCK EXCHANGE
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD SINCE INCORPORATION ON 20 FEBRUARY 2017 UNTIL 31 DECEMBER 2017

(6) PROJECTS UNDER CONSTRUCTION

	Payments to purchase a trading system (*) JD	Payments to purchase property and equipment JD	Tenders in progress JD	Total JD
Balance as at 20 February 2017 - Incorporation date	312,294	-	139,047	451,341
Payments during the period	1,220	64,465	174,692	240,377
Transfer to property and equipment (Note 5)	-	-	(256,287)	(256,287)
	<u>313,514</u>	<u>64,465</u>	<u>57,452</u>	<u>435,431</u>

* Represents payments to purchase a trading system for the Company which is expected to be activated in 2018, provided that the Company should pay the remaining payments amounting to JD 3.180.000 according to the contract.

(7) TRADE AND OTHER RECEIVABLES

	31 December 2017 JD
Companies receivables	314,683
Brokers receivables	75,935
Brokers commission receivables	4,775
Other receivables	378,579
Doubtful debts provision	(654,912)
Accounts receivable, net	119,060
Prepaid expenses	116,304
Accrued revenues	67,599
Cheques under collection	8,400
Refundable deposits	10,050
Other	2,305
	<u>323,718</u>

The details of the overall risk for trade receivables are as follows:

	31 December 2017 JD
Receivables that are not overdue nor doubtful	119,060
Doubtful receivables	654,912
	<u>773,972</u>

According to the Company's credit policy, the grace period for customers is up to 360 days in the Company's ordinary course of business. Trade receivables that are past due for Less than one year are not considered impaired. These receivables relate to trusted customers for whom there is no recent history of default. The Company's management believes that this amount will be fully recovered.

**AMMAN STOCK EXCHANGE
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD SINCE INCORPORATION ON 20 FEBRUARY 2017 UNTIL 31 DECEMBER 2017**

All receivables are in Jordanian dinars.

The maximum exposure to credit risk at statement of financial position date is the fair value of each class of receivables.

The Company has no guarantees for the receivables.

(8) CASH ON HAND AND AT BANKS

	31 December 2017 JD
Cash on hand	650
Bank accounts	69,329
Deposits at banks (*)	4,927,526
	<u>4,997,505</u>

* Interest rate on the deposits at banks has reached a percent of 2.4% every three months (2016: 2.3%).

(9) EQUITY

Paid-in capital

Authorised and paid capital of the Company is JD 4.774.525 divided into 4.774.525 shares of nominal value of JD 1 per share.

The capital is wholly owned by the Jordanian Government.

Statutory reserve

According to the Jordanian Companies Law and the Company's by-laws, the Company should deduct 10% of its annual net profit to transfer to the statutory reserve, and continue do so each year provided that the total deducted amounts for the reserve do not exceed 25% of the Company's capital. For the purposes of this law, net profits represent profits before the deduction of the provision for income tax and fees. This reserve is not available for distribution to shareholders.

Voluntary reserve

According to Article No. (187) of the Jordanian Companies Law, the General Assembly of the public shareholding company may decide to deduct an amount not exceeding 20% of the annual net profits for the account of voluntary reserve. For the purposes of this law, the net profit represents the profit before deducting the income tax provision. This reserve is available for distribution to shareholders.

**AMMAN STOCK EXCHANGE
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD SINCE INCORPORATION ON 20 FEBRUARY 2017 UNTIL 31 DECEMBER 2017**

(13) INCOME TAX PROVISION

The income tax provision for the 2016 was calculated according to the Income Tax Law no. (34) Of 2014 and the subsequent amendments thereof.

The Company's legal income tax rate is 20% as at 31 December 2017.

The movement in the income tax provision is as follows:

	<u>2017</u> JD
Balance at the beginning of the year - Incorporation date	-
Paid during the period	-
Income tax due for the period	<u>93,709</u>
	<u>93,709</u>

The Company did not submit a self-assessment statement for the financial year ended 31 December 2017 as at the date of preparation of these financial statements.

(14) OTHER REVENUES

	For the period since incorporation on 20 February 2017 until 31 December 2017 <u>JD</u>
Trading commissions	1,546,648
Listing fees	559,030
Subscription fees for the period	25,107
Fees for providing information	145,237
Fees for providing trading screens and inquiry	<u>117,126</u>
	<u>2,393,148</u>

AMMAN STOCK EXCHANGE
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD SINCE INCORPORATION ON 20 FEBRUARY 2017 UNTIL 31 DECEMBER 2017

(15) ADMINISTRATIVE EXPENSES

	For the period since incorporation on 20 February 2017 until 31 December 2017
	<u>JD</u>
Salaries and wages	921,276
Maintenance and program development	119,030
Shared Services	181,293
Communications, telegrams, post, fax and internet	83,161
Social security contribution	97,029
Medical expenses	87,904
Electricity and water	64,376
Board of directors remunerations and transportations	35,585
Rent	48,841
Fees and subscription	33,229
Participation in conferences and forums	4,820
Stationary, prints and newspapers	17,248
Guarding expenses	18,148
Training	10,544
Professional fees	30,061
General maintenance expenses	20,857
Cleanness	4,700
ASE's contribution to the saving fund	7,405
Hospitality	6,407
Insurance expenses	3,923
Fuels	5,129
Bank expenses	493
Advertisement	3,818
Other	7,896
	<u>1,813,173</u>