الشركة العقارية الأردنية للتنمية
المساهمة العامة المحدودة

العقارية
الأردنية للتنمية الغد بين يديك

هاتف: ٥٥١٣٣٩٥ – فاكس: ٥٥١٠٣٦٣ – ص.ب ٣٥٦٨ عمان ١١٩٥٣ الأردن
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Date: /3/2017

الرقم : ع/م ح/٩٥
التاريخ : ٢٠/2017/3

To: Jordan Securities Commission
Amman Stock Exchange

السادة هيئة الأوراق المالية
السادة بورصة عمان

Subject: Audited Financial Statements for the fiscal year ended 31/12/2016

الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية في 2016/12/31

Attached the Audited Financial Statements of JORDANIAN REALSTATE COMPANY FOR DEVELOPMENT for the fiscal year ended 31/12/2016

مرفق طيه نسخة من البيانات المالية المدققة للشركة العقارية الاردنية للتنمية عن السنة المالية المنتهية في 2016/12/31

Kindly accept our high appreciation and respect

وتفضلوا بقبول فائق الاحترام،،،

Dr. Haytham Abdallah Abu-Khadijeh.

Chairman of the Board

د. هيثم عبد الله أبو خديجة

رئيس مجلس الإدارة

هيئة الأوراق المالية
الدائرة الادارية / الديوان
٣ آذار ٢٠١٧
الرقم المتسلسل ......١٨١١......
الجهة المختصة ......م/ف ١ ...... ٢٤٥٠١

JORDANIAN REALESTATE COMPANY
FOR DEVLOPMENT
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT

JORDANIAN REALESTATE COMPANY FOR DEVELOPMENT
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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Kawasmy & Partners CO.
Amman - Jordan
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A Translation Of The Independent Auditors' Report On the Financial Statements Originally Issued In Arabic

To the General Assembly of
Jordanian Realestate Company for Development
(Public Shareholding Company)
Amman – Jordan

Opinion

We have audited the financial statements of **Jordanian Realestate Company for Development** ("the Company"), which comprise the statement of financial position as at December 31, 2016, and the related statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with International Ethics Standards Board for Accountants Code of Ethics, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of matters

Without qualifying our opinion, we draw attention to the following:

- As stated in notes (7,8) to the accompanying financial statements, some of the appartments and lands with cost of JD 809,613 and 9,858,195 as of December 31, 2016 (2015: JD 875,500 and JD 11,125,740) are not registered in the name of the company but registered in the names of previous owners and financiers. The Company's ownership of this properties is evidenced through contracts, mortgage vouchers and irrevocable proxies signed by those parties.
- As stated in note (13) to the accompanying financial statements, the Subsidiary's financial statements (Al-Therra Real Estate Investments Company) have not been consolidated due to the voluntary liquidation decision taken by the Subsidiary's management in it's extraordinary meeting dated on 24 April 2014. Accordingly, The Subsidary's figures were not included in the current and comparative years figures of the Company's statement of financial position and statement of profit or loss and other comprehensive income due to the liquidation decision mentioned above.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters are described below:

1- Lands and Apartments Ready for Sale

Description of the key audit matter	How the matter was addressed in our audit
The Company owns lands and apartments ready for sales with amounts of JD 21,857,672 and JD 809,613 respectively as at 31 December 2016. In accordance with the requirements of IFRS, the Company should recognize the cost or net realizable value of these lands and apartments ready for sales whichever is lower and measure any impairment in its value (if any), such matter require a significant judgment and estimates from the management to determine the net realizable value, as the Company exercise the judgment and estimates over the observable inputs used to determine the fair value/impairment including the valuation from real estate valuators and the discount of future cash flow. Accordingly, the determination of net realizable value of these assets by management is considered a key audit matter.	Our audit procedures included the assessment of the Company's internal controls for the method used to determine the fair value of lands and apartments ready for sales and compare the fair value to the carrying amount for the purpose of identify impairment (if any), in addition to the assessment of the estimates used by management to determine the net realizable value over lands and apartments ready for sales including the fair value estimate from reliable real estate valuers. We have compared these estimates with the requirements of IFRS and discussed with management based on the available information. Furthermore, our audit procedures included the assessment of the methodology used, the acceptability of the measurement models and the observable inputs to determine the net realizable value of the valuations provided by the real states valuators and others, also we assessed the sufficiency of disclosures made by management over the lands and apartments ready for sales.

2- Receivables and Cheques Under Collection Impairment

Description of the key audit matter	How the matter was addressed in our audit
The impairment loss for accounts receivables and cheques under collection is considered one of the matters that have an impact over the Company's results and requires significant judgment and estimates from management to determine the default and accordingly the existence of impairment. Following the requirements of IFRS, management exercises judgment and estimates over the inputs used to determine the impairment including the date of default, the financial position of the customers and the position of the legal cases held against these customers. Accordingly, the accounts receivables and cheques under collection consider a key audit matter.	Our audit procedures included the assessment of the Company's internal controls over the collection processes for receivables and cheques under collection, testing the receipt of cash after the year end, testing the sufficiency of the Company's provisions against receivables and cheques under collection and testing the position of the legal cases held by the Company by assessing the management's assumptions, taking account of externally available data on trade credit exposures and our own knowledge of recent bad debt experience. We have also assessed the adequacy of the Company's disclosures about the degree of estimation involved in arriving at the provision and the disclosures over the movement of doubtful debts provision.

The Company has accounts receivables and cheques under collection with total balance of JD 2,163,668 as of December 31, 2016, and the company recorded a provision for doubtful debts in the amount of JD 52,811 as of December 31, 2016. The accounting policies and critical judgments relative to accounts receivables and cheques under collection are summarized respectively in Notes 2, 3 and 6 to the financial statements.	

Other Information

Management is responsible for the other information. The other information does not include the financial statements and our auditors' report on the financial statements.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We were not provided with the annual report of the Company or any other information as it relates to this paragraph until the date of this report.

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 IFRS, and for such internal control as management considers is necessary to enable the preparation and presentation of the 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 financial reporting preparation process.

Auditors' 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 our audit report that includes our opinion on the financial statements.

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 aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of audit process in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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- 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 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 audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, we will modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit 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, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore, the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

This audit report on the financial statements is a translated version of the original audit report on the financial statements issued in Arabic, in case of a discrepancy, the Arabic original will prevail.

Kawasmy & Partners
KPMG

Hatem Kawasmy
License No. (656)

Amman – Jordan
March 1, 2017

KPMG
Kawasmy & Partners Co.

JORDANIAN REALESTATE COMPANY FOR DEVLOPMENT
(PUBLIC SHAREHOLDING COMPANY)
AMMAN –JORDAN

STATEMENT OF FINANCIAL POSITION

		As of December 31,	
Jordanian Dinar	Note	2016	2015
Assets			
Current Assets			
Cash and cash equivalents	5	6,340,879	6,302,197
Receivables and cheques under collections	6	1,955,219	1,519,066
Due from related parties	18	255,946	227,817
Apartments ready for sale	7	809,613	875,500
Lands ready for sale	8	21,857,672	23,278,354
Projects under construction	9	1,048,151	927,863
Other debit balances	10	175,457	220,971
Total Current Assets		**32,442,937**	**33,351,768**
Non-Current Assets			
Long term cheques under collections	6	155,638	269,494
Financial assets at fair value through statement of other comprehensive income	11	4,107,824	4,161,314
Investments in subsidiary (under liquidation)	13	10,000	10,000
Investments in associate	14	22,783	22,783
Intangible assets	15	322	1,179
Property and equipment	16	11,849	8,032
Total Non-Current assets		**4,308,416**	**4,472,802**
Total Assets		**36,751,353**	**37,824,570**
Liabilities and Shareholders' Equity			
Current Liabilities			
Payables and deferred cheques	17	180,277	205,935
Due to related parties	18	-	196,617
Deferred Revenue		32,811	-
Income tax provision	19	81,213	261,797
Other credit balances	20	1,331,198	1,795,987
Total current liabilities		**1,625,499**	**2,460,336**
Shareholder's Equity			
Paid up capital	1	34,500,000	34,500,000
Issuance premium		36,479	36,479
Voluntary reserve	25	1,977,886	1,899,252
Fair value reserve	12	(1,667,050)	(341,457)
Retained earnings (Accumulated losses)		278,539	(730,040)
Total Shareholder's Equity		**35,125,854**	**35,364,234**
Total Owners' Equity and Liabilities		**36,751,353**	**37,824,570**

The accompanying notes on pages from (9) to (29) are an integral part of these financial statements.

The financial statements on pages (5) to (8) were approved by the board of directors on 5 February 2017 and authorized by:

Chairman of Board **Financial Manager**

JORDANIAN REALESTATE COMPANY FOR DEVLOPMENT
(PUBLIC SHAREHOLDING COMPANY)
AMMAN –JORDAN

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Jordanian Dinar	Note	For the year end December 31, 2016	2015
Net profit from sale of land and apartments	21	1,053,724	1,479,500
Murabha revenue	22	156,120	225,741
Dividend income		197,803	156,328
Other income		(165)	1,750
Provisions not needed anymore		109,291	-
Total Revenue		**1,516,773**	**1,863,319**
Administrative expense	23	(310,527)	(408,336)
Land sales, purchase and estimate commissions		(90,222)	(18,708)
Projects expenses		(39,198)	(4,606)
Provision for doubtful debt and cheques	6	(52,811)	-
Contracts cancellation losses		(234,620)	(74,125)
Loss from sale of property and equipment		(3,055)	-
Total expenses		**(730,433)**	**(505,775)**
Profit before income tax		**786,340**	**1,357,544**
Income tax for the year	19	(122,442)	(269,470)
Profit for the year		**663,898**	**1,088,074**
Other comprehensive income items			
Items that will never be reclassified to profit or loss statement:			
Change in fair value reserve		(1,132,359)	(218,382)
Profits from sale of financial assets at fair value		230,081	197,084
Total comprehensive income for the year		**(238,380)**	**1,066,776**
Basic and diluted earning per share	24	**0,019**	**0,032**

The accompanying notes on pages from (9) to (29) are an integral part of these financial statements.

The financial statements on pages (5) to (8) were approved by the board of directors on 5 February 2017 and authorized by:

Chairman **Financial Manager**

JORDANIAN REALESTATE COMPANY FOR DEVLOPMENT
(PUBLIC SHAREHOLDING COMPANY)
AMMAN –JORDAN

STATEMENT OF CHANGES IN OWNER'S EQUITY

Jordanian Dinar	Capital	Issuance premium	Statutory Reserve	Fair Value Reserve *	Retained Earnings (Accumulated losses)	Total
Changes for the year ended December 31, 2016						
Balance as at January 1, 2016	34,500,000	36,479	1,899,252	(341,457)	(730,040)	35,364,234
Profit for the year	-	-	-	-	663,898	663,898
Change in fair value reserve	-	-	-	(1,132,359)	-	(1,132,359)
Profits from sale of financial assets at fair value	-	-	-	-	230,081	230,081
Transfer from fair value reserve	-	-	-	(193,234)	193,234	-
Transfer to Statutory Reserve	-	-	78,634	-	(78,634)	-
Balance as of December 31, 2016	**34,500,000**	**36,479**	**1,977,886**	**(1,667,050)**	**278,539**	**35,125,854**
Changes for the year ended December 31, 2015						
Balance as at January 1, 2015	34,500,000	36,479	1,763,498	(36,986)	(1,965,533)	34,297,458
Profit for the year	-	-	-	-	1,088,074	1,088,074
Change in fair value reserve	-	-	-	(218,382)	-	(218,382)
Profits from sale of financial assets at fair value	-	-	-	-	197,084	197,084
Transfer from fair value reserve	-	-	-	(86,089)	86,089	-
Transfer to Statutory Reserve	-	-	135,754	-	(135,754)	-
Balance as of December 31, 2015	**34,500,000**	**36,479**	**1,899,252**	**(341,457)**	**(730,040)**	**35,364,234**

The fair value reserve is resulting from changes in fair value and impairment of equity instruments at fair value through other comprehensive income. According to Jordan securities commission it is forbidden to dispose of fair value reserve credit balance whether by distribution, capitalization, losses redemption or any other means.

The accompanying notes on pages from (9) to (29) are an integral part of these financial statements

JORDANIAN REALESTATE COMPANY FOR DEVLOPMENT
(PUBLIC SHAREHOLDING COMPANY)
AMMAN –JORDAN

STATEMENT OF CASH FLOWS

Jordanian Dinar	Note	For the year end December 31, 2016	2015
Cash flows from operating activities			
Profit for the year		786,340	1,357,544
Adjustments:			
Depreciations and amortizations	15,16	6,341	21,312
Murabaha revenue		(156,120)	(225,741)
Dividend income		(197,803)	(156,328)
Provision for doubtful debts and cheques	6	52,811	-
Loss from sale of property and equipment		3,055	-
		494,624	**996,787**
Receivables and cheques under collections		(488,964)	(1,026,985)
Due from related parties		(28,129)	(313)
Apartments ready for sale		65,887	197,505
Lands ready for sale		1,420,682	1,159,031
Projects under construction		(120,288)	(321,180)
Other debit balances		45,514	(33,704)
Long term cheques under collections		113,856	393,516
Payables and deferred cheques		(25,658)	167,161
Due to related parties		(196,617)	195,537
Other credit balances		(464,789)	(171,605)
Deferred Revenues		32,811	-
Cash flows from operating activities		**848,929**	**1,555,750**
Income tax paid	19	(303,026)	(160,114)
Net Cash flows from operating activities		**545,903**	**1,395,636**
Cash flows from investing activities			
Purchase of property and equipment	16	(13,321)	-
Proceeds from sale of property and equipment		965	-
Financial assets at fair value through other comprehensive income		(848,788)	(869,981)
Deposits and investment contracts with financial institutions		-	4,500,002
Murabha received		156,120	225,741
Dividends income received		197,803	156,328
Net cash flows (used in) from investing activities		**(507,221)**	**4,012,090**
Net increase in cash and cash equivalents		38,682	5,407,726
Cash and cash equivalents at the beginning of the year		6,302,197	894,471
Cash and cash equivalents at the end of the year	5	**6,340,879**	**6,302,197**

The accompanying notes on pages from (9) to (29) are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1) GENERAL

Jordanian Realestate Company for Development - Public Shareholding Company - established in accordance with the Companies Law number. 22 of 1997 and its amendments. The Company was registered as a Public Shareholding Company under No. 361 dated 4 April 2005.

The Company started its main operations on August 7, 2005. The most important objectives of the Company:

- Purchase and sale of lands after developments, improvements, division, sorting and delivery of all necessary services according to applicable laws.
- Investments in others companies to achieve Company objectives.
- Buying lands and building apartments on them and selling them without interest.
- Investment of the company's funds in stocks and bonds for the purposes of the company.
- Financial lease.
- Borrowing the necessary funds from banks.

The General Assembly decided in its extraordinary meeting held on March 27, 2006 to increase its capital by (15) million JD/share to become (30) million JD/Share through offering (15) million shares to the private subscription for the Company's shareholders at 1 JD per share.

In addition, the General Assembly decided in its extraordinary meeting held on September 24, 2009 to increase its capital by (4.5) million JD/share to become (34.5) million JD/Share through stock dividends by 15% of the Company's paid capital.

The company's shares are listed on the Amman Stock Exchange.

The financial statements were approved by the Board of Directors in its meeting held on February 5, 2017 and its remaining subject to the general assembly's approval.

2) BASIS OF PREPARATION

A. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

B. Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial assets and liabilities measured at amortized cost.

C. Functional and presentation currency

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

D. Use of Judgments and estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

In particular, information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is summarized as follows:

- Management frequently reviews the lawsuits raised against the Company based on a legal study prepared by the Company's legal advisors. This study highlights potential risks that the company may incurred in the future.
- A provision for impairment on account receivables is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRS).
- Management periodically reviews the investment property to estimate any improvement in its value. Impairment loss is taken to the statement of profit or loss.
- Management estimated the recoverable amount of the other financial assets to determine whether there was any impairment in its value.
- Management estimates the provision for income tax in accordance with the prevailing laws and regulations.
- **Fair value measurement :**

  Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1- In the principal market for the asset or liability, or
2- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The asset or liability measured at fair value might be either of the following:

A- A stand-alone asset or liability; or

B- A group of assets, a group of liabilities or a group of assets and liabilities (eg a cash generating unit or a business).

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group Audit Committee.
When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Management believes that the assumptions and estimates are reasonable and sufficient.

3) SIGNIFICANT ACCOUNTING POLICIES

The Company has early adopted international financial reporting standards number (9) for measurement and classification of financial assets in the preparation of the financial statements for the year ended January 1, 2011, in accordance with the instructions of the Securities Commission and exchange, Noted that its mandatory application on 1 January 2018.
The accounting policies applied by the Company in these financial statements for the year ended December 31, 2016 are the same as those applied by the Company in its financial statements for the year ended December 31, 2015, except for the following International Financial Reporting Standards amendments and improvements that become effective after January 1, 2016:

New Currently Effective Requirements

Standards	Effective Date
Amendments to IFRS 10, IFRS 12, and IAS 28 Investment Entities: Applying the Consolidation Exception	January 1st, 2016
Amendments to IFRS 11, Accounting for Acquisition of Interests in Joint Operations	January 1st, 2016
Amendment to IAS 1 Disclosures Initiatives	January 1st, 2016
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization	January 1st, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	January 1st, 2016
Amendments to IAS 27 Separate Financial Statements	January 1st, 2016
Annual Improvements to IFRSs 2012- 2014 Cycle	January 1st, 2016
IFRS 14 Regulatory Deferral Accounts	January 1st, 2016

The application of these amended standards did not have a significant effect on the Company's financial statements.

a) Financial instruments

The Company classifies non-derivative financial assets into the following categories: Trade and other receivables and cheques under collections, financial assets at fair value through profit or loss and other financial assets. The Company classifies non-derivative financial liabilities into the other financial liabilities category.

- **Non-derivative financial assets and financial liabilities – recognition and derecognition**

The Company initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

- **Non-derivative financial assets – measurement**

Financial assets at fair value through other comprehensive income (IFRS 9)

These assets represent investments in equity instruments with the intention to keep them as a long term investments.

When purchasing these assets they are recognized at fair value including acquisition expenses then to be re-evaluated later at fair value, where changes in the fair value appears in the statement of profit or loss and other comprehensive income and owners' equity including the change in fair value resulting from the differences in conversion of non-monetary assets items in foreign currencies, in case of selling such assets or part thereof profits or losses to be recorded in the statement of profit or loss and other comprehensive income and owners' equity where the valuation reserve balance of the sold assets should be directly transferred to the retained earnings and losses and not through the statement of profit or loss and other comprehensive income.

These assets are not subject to impairment loss testing.

Dividends are recorded as a separate line item in the statement of profit or loss and other comprehensive income.

Non-derivative financial liabilities – measurement (IFRS 9)
Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

b) **Property and Equipment**
Recognition and measurement

- Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (if any).
- Cost includes expenditures that are directly attributable to the acquisition of the property and equipment.
- When parts of an item of property and equipment have different useful lives, they are accounted for as separated items of property and equipment.
- Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within the statement of profit or loss and other comprehensive income.
- Property and equipment transferred from customers is initially measured at fair value at the date on which control is obtained.

Subsequent costs
- The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.
- Ongoing costs of repair and maintenance of property and equipment are expensed in the statement of profit or loss and other comprehensive income as incurred.

Depreciation

- Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in statement of profit or loss and other comprehensive income. Leased assets are depreciated over the shorter of the lease term and their useful lives.

- The estimated annual depreciation rates of property and equipment for the current and previous year are as follows:

	Depreciation Rate%
Furniture, fixtures	15
Decorations	15
Computers	25
Office equipment's	25
Air conditioner	15
Vehicles	15

- Property and equipment useful lives are reviewed at the end of each year; and if the expected useful life differs from the previous estimate, the difference is booked in subsequent years as a change in accounting estimates.

c) **Inventory**
Inventory is measured at the lower of cost or net realizable value. The cost of inventory is determined based on the weighted average method.

Net realizable value is the estimated selling price in the ordinary course of the business, less the estimated selling expenses. The Company's inventory include apartments sready for sales and lands ready for sales which is the main operation of the Company.

d) **Impairment**
Financial Assets

- A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired.
- A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.
- An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- Individually significant financial assets are tested for impairment on an individual basis.
- An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the statement of profit or loss.

Non-Financial Assets

- The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.
- An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount.
- Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.
- All impairment losses are recognized in the statement of profit or loss and other comprehensive income.

e) **Provisions**

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

f) **Foreign Currency Transactions**

- Transactions in foreign currencies during the year are translated at exchange rates at the dates of the transactions.
- Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jordanian Dinar at the exchange rate at that date.
- The foreign currency gain (loss) on monetary items is the difference between amortized cost in Jordanian Dinar at the beginning of the year, adjusted for effective interest rate and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.
- Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Jordanian Dinar at the exchange rate at the date that the fair value was determined.
- Foreign currency differences arising on retranslation of foreign currencies to Jordanian Dinar are recognized in the statement of profit or loss and other comprehensive income.

g) **Revenues recognition**

Sale of real estate

The Company sign promise to sell contract with its customers in which it oblige to transfer the ownership of the sold item to the customer upon receiving the agreed amount in accordance with the contract which reveals the whole deal terms. The promise to sell account recognized as a receivable account on the customer at full amount and then, the amount decreased by the collected amounts from the customer. The promise to sell account remain fixed and when receive the whole amount due from customer, the promise to sell account closed and debited to the sold property and revenue accounts.

The Company transfer the ownership of the sold lands and properties in case the customer pay all the contract amount or when the customer pay 50% or more of the sales amount after mortgage the land or property at first level mortgage.

The Company recognizes revenue from sale when the benefits and risks of property are transferred to customers

The benefits and risks are transferred to customers when they pay more than 50% of the property value or when the property is registered for the benefit of the customer which is closer.

Shares and other income

The company recognized other income and dividends income on accrual basis.

h) **Offsetting**

Financial assets and financial liabilities are offset, and the net amount is reflected in the statement of financial position only when there are legal rights to offset the recognized amounts, or assets are realized and liabilities settled simultaneously.

i) **Income tax**

- Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other / statement of profit or loss.
- Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
- Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the / reporting date.
- Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.
- A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.
- Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.
- Current tax payable calculated using rate of 20% which is in accordance with prevailing income tax law in Jordan.

j) **Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

NEW STANDERS AND INTERPRETATIONS NOT YET ADOPTED

The following new and revised IFRSs have been issued but are not effective yet, the Company has not applied the following new and revised IFRSs that are available for early application but are not effective yet:

New Standards

- International Financial Reporting Standards (9): Financial Instruments (effective on January 1st, 2018 except for Insurance Companies which will be effective on January 1st, 2021 with earlier application permitted).
- International Financial Reporting Standards (15): Revenue from Contracts with Customers (effective on January 1st, 2018 with earlier application permitted).
- International Financial Reporting Standards (16): Leases (effective on January 1st, 2019 with earlier application permitted).

Amendments to Standards:

- IFRS (2): Classification and Measurements of Share-Based Payments (effective on January 1st, 2018 with earlier application permitted).
- IFRS (10) and IAS (28): Sale or Contribution of Assets between and Investor and its Associate or Joint Venture. (date to be determined).
- IAS (7): Disclosure Initiative (effective on January 1st, 2017 with earlier application permitted).
- IAS (12): Recognition of Deferred Tax Assets for Unrealized Losses (effective on January 1st, 2017 with earlier application permitted).
- IAS (40): Clarify Transfers or Property to, or from, Investment Property (effective on January 1st, 2018)
- Annual Improvements to IFRSs 2014 –2016 Cycle – Amendments to IFRS 12 disclosure of interest of other entities (effective on January 1st, 2017).
- Annual Improvements to IFRSs 2014 –2016 Cycle – Amendments to IFRS 1 First-Time Adoption of IFRSs and IAS 28 Investments in Associates and Joint Ventures (effective on January 1st, 2018)

The Company anticipates that each of the above standers and interpretations (amendments) will be adopted in the financial statements by its date mentioned above without having any material impact on the Company's financial statements.

4) SEGMENT REPORTING

The Company has three segments as described below and are strategic sectors in the Company. Strategic departments offer different products and services, and manage them separately because they require different technical and marketing techniques.

Performance is measured based on the segment's profit before tax, as reported in internal management reports reviewed by the company's management. The profit of the segment is used to measure performance where management believes that this information is most important in evaluating the results of certain segments relating to other entities operating within these segments.

A. Operating Segment

The Company has the following main business segments:

- Realestate activity.
- Investment activity.
- Other.

B. Geographical Segment

The Company's operating segments include the following:

Jordanian Dinar	Realestate	Investment	Other	Total
As of December 31, 2016				
Revenue	1,053,724	197,803	265,246	1,516,773
Other segment information				
Contracts cancellation losses	(234,620)	-	-	(234,620)
Depreciation and amortization	-	-	(6,341)	(6,341)
Unallocated expenses	-	-	(611,914)	(611,914)
Profit for the year	-	-	-	**663,898**
Capital expenses	13,321	-	-	13,321

Jordanian Dinar	Realestate	Investment	Other	Total
As of December 31, 2015				
Revenue	1,479,500	156,328	227,491	1,863,319
Other segment information				
Contracts cancellation losses	(74,125)	-	-	(74,125)
Depreciation and amortization	-	-	(21,312)	(21,312)
Unallocated expenses	-	-	(679,808)	(679,808)
Profit for the year before tax				**1,088,074**

As of December 31, 2016

Jordanian Dinar	Realestate	Investment	Other	Total
Assets and liabilities				
Assets	25,828,974	4,140,607	6,781,772	36,751,353
Liabilities	213,088	-	1,412,411	1,625,499

As of December 31, 2015

Jordanian Dinar	Realestate	Investment	Other	Total
Assets and liabilities				
Assets	26,870,277	4,194,097	6,760,196	37,824,570
Liabilities	205,935	-	2,254,401	2,460,336

5) CASH AND CASH EQUIVALENT

	As of December 31,	
Jordanian Dinars	2016	2015
Cash on hand	2,774	4,991
Current accounts at banks	123,767	3,097,206
Deposit at banks *	6,214,338	3,200,000
	6,340,879	**6,302,197**

* The Company agreed with Al Rajhi Bank to open a joint investment account consisting of four deposits with a total value of JD 6,000,000 for one month and automatically renew for a similar period unless one of the parties do not need to renew the contract. The contract started on June 28, 2015 in accordance with the Islamic acts requirements. The Murabha average rate is between 3% - 3.25%.

6) ACCOUNTS RECEIVABLE AND CHEQUES UNDER COLLECTION

In Jordanian Dinar	As of December 31,	
	2016	2015
Accounts receivable *	1,960,854	1,606,480
Cheques under collection – short term **	507,787	523,411
Promises to sell ***	(493,422)	(610,825)
Provision for doubtful debts	(20,000)	-
	1,955,219	**1,519,066**
Cheques under collection – long term **	155,638	269,494

* The movement of the provision for doubtful debts is as follows:

In Jordanian Dinar	As of December 31,	
	2016	2015
Additions during the year	20,000	-
Balances at 31 December	**20,000**	**-**

During the year 2016, the Company calculated provision against the cheques under collections with amount of JD 32,811.

The Company used to trade with well-established customers, to mitigate the financial risk of not collecting customer's receivables. A provision for impairment of receivables is booked for the receivables due over 365 days, in which 100%, unless the account was active during that year, taking into considerations the claims and guarantees against receivables. The Company's management believes that the provision for doubtful debts taken is sufficient. The following table shows the accounts receivable as of the date of the financial statements:

The following is the receivables aging schedule at 31 December:

In Jordanian Dinar	2016		2015	
	Total receivables	Impairment provision	Total receivables	Impairment provision
1 -90 day	960,073	-	874,913	-
91 - 180 day	332,707	-	234,569	-
181 - 270 day	314,412	-	191,552	-
271 - 365 day	256,157	-	197,424	-
More than 365 day	605,292	20,000	631,433	-
	2,468,641	**20,000**	**2,129,891**	**-**

** The company sign promise to sell contract with its customers in which it oblige to transfer the ownership of the sold item to the customer upon receiving the agreed amount in accordance with the contract which reveals the whole deal terms. The promise to sell account recognized as a receivable account on the customer at full amount and then, the amount decreased by the collected amounts from the customer. The promise to sell account remain fixed and when receive the whole amount due from customer, the promise to sell account closed and debited to the sold property and revenue accounts.

The Company transfer the ownership of the sold lands and properties in case the customer pay all the contract amount or when the customer pay 50% or more of the sales amount after mortgage the land or property at first level mortgage.

7) APARTMENTS READY FOR SALE

- This item represents the total cost of apartments ready for sale and located on the Umm Zuitina village and Jubaiha lands with a total space of 1,583 square meters.

- The weighted average of fair value for the Apartments ready for sale is reached to JD 1,037,500 as of 31 December 2016 (2015: JD 1,129,350). This is based on three licensed realestate evaluators valuations.

- The Company has apartments with amount of JD 809,613 JD as of 31 December 2016 (2015: JD 875,500) not registered in the name of the Company and its registered in the names of previous owners and financiers. The Company's ownership of this properties is evidenced through contracts, mortgage vouchers and irrevocable agencies signed with those parties.

8) LANDS READY FOR SALE

In Jordanian Dinar	As of December 31, 2016	As of December 31, 2015
Lands ready for sale	8,999,048	9,939,966
Land under development for sale	12,858,624	13,338,388
	21,857,672	**23,278,354**

- The weighted average of fair value for the Apartments ready for sale is reached to JD 28,802,707 as of 31 December 2016 (2015: JD 31,483,764). This is based on three licensed realestate evaluators valuations.

- The Company has lands with amount of JD 9,858,195 as of 31 December 2016 (2015: JD 11,125,740) not registered in the name of the Company and its registered in the names of previous owners and financiers. The Company's ownership of this properties is evidenced through contracts, mortgage vouchers and irrevocable agencies signed with those parties.

9) PROJECTS UNDER CONSTRUCTIONS

- This item represents the total amount spent to construct four housing buildings on the land plots numbered 283, 284, 285 and 286 of Jerash lands – ALKette village, set number nine - ALRaqaeq area at estimated cost of JD 1,000,000 for the purpose of selling them as a housing apartments. The project is expected to be completed during the year 2016.
- The percentage of completion of these projects is reached to 95% as of 31 December 2016 (2015: 95%). The fair value of those buildings is reached to JD 1,093,088 as of 31 December 2016 based on three licensed realestate evaluators valuations (2015: 972,800 JD).

- The movement on the projects under constructions for the year is as follows:

In Jordanian Dinar	As of December 31, 2016	As of December 31, 2015
Beginning balance	927,863	606,683
Additions on the projects	120,288	321,180
	1,048,151	**927,863**

10) OTHER DEBIT BALANCES

In Jordanian Dinar	As of December 31, 2016	2015
Prepaid expenses	13,314	53,228
Income tax deposits	29,829	76,547
Refundable deposits	27,369	37,277
Employee advances	35,068	3,494
Other advances	6,843	9,600
Other	63,034	40,825
	175,457	220,971

11) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:

In Jordanian Dinar	As of December 31, 2016	2015
Shares listed in Amman Stock Exchange	4,107,824	4,161,314
	4,107,824	4,161,314

Company	Number of shares as of 31 December 2016	Cost of Purchase	Fair value as of 31 December 2016	
			2016	2015
Arabian Public Insurance Jordan	28,373	35,381	21,847	20,996
Zarqa for Education and Investment	472	1,346	1,256	58,072
Arab International Company for Education and Investment	723,059	2,822,175	2,313,789	2,386,604
The Arab Financial Investment	2,866	9,717	4,012	4,945
Al Amin Investment	21,571	35,909	14,021	17,473
Al Etihad School	178,249	246,388	190,726	226,376
Jordan Telecom Company	2,546	15,218	5,881	11,916
Almehanya for Real Estate Investments and Housing company	134,954	138,108	67,477	76,924
Ibn Al - Haitham Hospital Company	484,077	621,852	532,485	1
Jordan Phosphate Mines	27,024	452,774	57,831	134,387
International Company for Medical Investments	30,050	84,679	21,336	55,862
Jordan Masaken for Lands Development Company	1	4	4	4
Arab Electrical Industries	1	9	1	238,500
Modernists for housing projects	285,370	354,791	282,516	148,103
Arab Air Transport -previously Alfathon	1	30	4	166,435
Al Quds Concrete Industries	207,500	133,432	103,750	-
United Financial Investments	160,001	227,460	169,601	-
Century Investment Group	78,976	241,653	246,405	-
Rumm Financial Brokerage	32,001	74,044	74,882	-
Jordan Petroleum Refinery Company	123,419	151,168	-	614,716
			4,107,824	4,161,314

12) FAIR VALUE RESERVE

In Jordanian Dinar	As of December 31, 2016	2015
Beginning Balance	(341,457)	(36,986)
Net change in fair value reserve	(1,132,359)	(218,382)
Transfer from fair value reserve to retained earnings	(193,234)	(86,089)
	(1,667,050)	**(341,457)**

13) INVESTMENT IN SUBSIDIARY (UNDER LIQUIDATION)

- The Company owns all the capital shares in Al-Therra Realestate Investments - limited liability Company - with a 10,000 shares.
- the Subsidiary's financial statements (Al-Therra Real Estate Investments Company) have not been consolidated due to the voluntary liquidation decision taken by the Subsidiary's management in it's extraordinary meeting dated on 24 April 2014. This is happened due to absence of one of the consolidated terms in accordance with the requirements of IFRS 10 " Consolidated Financial Statements" as there is no control over this subsidiary. The liquidation procedure are performing by independent Liquidator.
-

14) INVESTMENT IN ASSOCIATE

- This item represents the Company's investment in Al- Thaniaa Realestate Company (Private Shareholding company) where the capital of this Company amounted to JD 50,000 and the Company's share is 50% as of 31 December 2016.

- The Company did not recognize of its profit or loss share of the associate due to the fact of that this associate's operation is stopped and not working.

15) INTANGIBLE ASSETS

In Jordanian Dinar	As of December 31, 2016	2015
Cost at the beginning of the year	7,028	7,028
Cost at the end of the year	**7,028**	**7,028**
Accumulated amortization at the beginning of the year	5,849	4,991
Amortization for the year	857	885
Accumulated amortization at the end of the year	**6,706**	**5,849**
Net book value	**322**	**1,179**

16) PROPERTY AND EQUIPMENT

Jordanian Dinar	Furniture and fixture	Decorations	Computers	Office equipment	Air conditioner	Vehicles	Total
As of 31 December 2016							
Cost							
Balance as of January 1, 2016	17,727	104,189	7,944	5,618	15,500	85,791	236,769
Addition	1,871	8,914	1,450	1,086	-	-	13,321
Disposal	-	(104,189)	-	-	-	-	(104,189)
Balance as of December 31, 2016	**19,598**	**8,914**	**9,394**	**6,704**	**15,500**	**85,791**	**145,901**
Accumulated Depreciation							
Balance as of January 1, 2016	14,827	101,134	7,762	4,110	15,113	85,791	228,737
Depreciation	1,468	156	879	2,594	387	-	5,484
Disposal	-	(100,169)	-	-	-	-	(100,169)
Balance as of December 31, 2016	**16,295**	**1,121**	**8,641**	**6,704**	**15,500**	**85,791**	**134,052**
Net Book Value As of 31 December 2016	**3,303**	**7,793**	**753**	-	-	-	**11,849**
As of 31 December 2015							
Cost							
Balance as of January 1, 2015	17,727	104,189	7,944	5,618	15,500	85,791	236,769
Balance as of December 31, 2015	**17,727**	**104,189**	**7,944**	**5,618**	**15,500**	**85,791**	**236,769**
Accumulated Depreciation							
Balance as of January 1, 2016	13,596	85,506	7,246	3,356	12,788	85,791	208,283
Depreciation	1,231	15,628	516	754	2,325	-	20,454
Balance as of December 31, 2016	**14,827**	**101,134**	**7,762**	**4,110**	**15,113**	**85,791**	**228,737**
Net Book Value As of 31 December 2015	**2,900**	**3,055**	**182**	**1,508**	**387**	-	**8,032**

17) PAYABLES AND DEFERRED CHEQUES

Jordanian Dinars	As of December 31, 2016	As of December 31, 2015
Trade payables	180,277	205,935
	180,277	**205,935**

18) RELATED PARTIES

Related parties represent the key shareholders, members of the board of directors and a higher management of the company in which they are main owners. Pricing and policies of these transactions are approved by the Company's management.

A) Due from related parties

Jordanian Dinar	Nature of Relationship	As of December 31, 2016	As of December 31, 2015
Al-Thanya Real Estate Company	Associate Company	195,098	195,098
Al-Therra for Financial investments	Subsidiary	32,719	32,719
Al omanaa for Financial Investments	Sister Company	28,129	-
		255,946	**227,817**

B) Due to related party

Jordanian Dinar	Nature of Relationship	As of December 31, 2016	As of December 31, 2015
Al omanaa for Financial Investments	Sister Company	-	196,617
		-	**196,617**

C) The following is a summary of transactions with related parties that appear in the statement of profit or loss and other comprehensive income:

Jordanian Dinar	As of December 31, 2016	As of December 31, 2015
Salaries and benefits of higher management and board of directors	62,310	106,499
Deposits Income in First Finance Company	97,525	257,654
Brokerage commissions	13,121	17,019

19) COMPANY TAX POSITION

The Company obtained final clearance from the Income and sales tax department until December 31, 2014. Moreover, the Company submitted the tax return for the year 2015 and it was not audited by the Income Tax Department until the date of the financial statements.

- The Company's income tax provision for the year 2016 has been calculated in accordance with the Income Tax Law and its amendments in the Jordan.
The movement on the income tax provision is as follows:

In Jordanian Dinar	For the year ended on December 31, 2016	2015
Beginning balance for the year	261,797	152,441
Provision for the year	122,442	269,470
Paid during the year	(303,026)	(160,114)
Deferred tax assets	**81,213**	**261,797**

- The reconciliation between tax profit and accounting profit is as follows:

In Jordanian Dinar	2016	2015
Accounting profit for the year	786,340	1,357,544
Non-taxable revenue - permanent differences	(306,803)	(156,328)
Non - Taxable expenses	132,674	146,134
Taxable Profit	**612,211**	**1,347,350**
Income tax expense for the year	122,442	269,470
Income tax rate	**20%**	**20%**
Effective Income Tax Rate	**16%**	**20%**

20) OTHER CEDIT BALANCES

Jordanian Dinar	As of December 31, 2016	2015
Shareholders' deposits	803,839	802,834
Constructions companies payables	261,042	444,517
Provision for contingent liabilities	-	175,723
Provision for Jordanian Universities fees	158,680	158,680
Advance payments against sale of land and apartments	-	96,848
Accrued expenses – Projects under constructions	61,664	63,310
Provision for scientific research and training	25,060	25,060
Accrued expenses	1,332	8,541
Other deposit	16,467	-
Others	3,114	20,474
	1,331,198	**1,795,987**

21) NET PROFIT FROM SALE OF LAND AND APARTMENTS

Jordanian Dinar	As of December 31, 2016	2015
Profit from sale of lands	1,039,429	1,440,642
Profit from sale of apartments	14,295	38,858
	1,053,724	**1,479,500**

22) MURABHA REVENUE

Jordanian Dinar	As of December 31, 2016	2015
Profit from local financing companies deposits	74,478	211,207
Profit from local banks deposits	81,642	14,534
	156,120	**225,741**

23) ADMINISTRATIVE EXPENSES

Jordanian Dinar	As of December 31, 2016	2015
Employees' salaries and benefits	88,812	87,028
Social Security's contributions	11,053	10,179
Bounces expenses	30,072	24,618
Rents	24,768	32,553
Depreciation and amortization	7,307	21,312
Amman Stock Exchange, security depository center and Jordan securities commission fees	15,000	15,000
Governmental fees	4,175	52,629
Advertising	2,423	12,948
Health insurance	5,641	9,679
Water, electricity and phones	10,133	13,749
Lawyer and legal fees	1,877	1,450
Vehicles expenses	5,423	9,367
Stationery and printers	3,017	4,625
Board of directors transportation	33,570	32,881
Board of directors bonuses	45,000	49,000
Professional fees	11,388	22,718
Hospitality	3,810	3,126
Repairs and maintenance	1,439	1,285
Other	5,619	4,189
	310,527	**408,336**

24) BASIC AND DILUTED EARNINGS PER SHARE

Jordanian Dinars	For the year ended December 31, 2016	2015
Profit for the year after tax	663,898	1,088,074
Weighted average number of shares	34,500,000	34,500,000
	0,019	**0,032**

25) STATUORY RESERVE

As required by the Jordanian Companies Law, 10% of the profit before tax is to be transferred to statutory reserve. This reserve is not available for distribution to the shareholders.

26) FINANCIAL RISK MANAGEMENT

Overview
The Company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk
- Capital management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The management has overall responsibility for the establishment and oversight of Company's risk management framework.

The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

- **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash at banks, deposits at a financial institutions, receivables cheques under collections, due from related parties and other debit balances.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Jordanian Dinar	For the year ended December 31, 2016	2015
Cash and cash equivalents	6,338,105	6,297,206
Receivables and cheques under collections	2,110,857	1,788,560
Due from related parties	255,946	227,817
Other debit balances	162,143	167,743
	8,867,051	**8,481,326**

- **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

- The following are the contracted maturities of financial liabilities:

Jordanian Dinar	Book value	Contracted cash flows	Less than one year	More than one year
As of December 31, 2016				
Payables and deferred cheques	180,277	(180,277)	(180,277)	-
Other credit balances	1,331,198	(1,331,198)	(1,331,198)	-
Total	**1,511,475**	**(1,511,475)**	**(1,511,475)**	-
As of December 31, 2015				
Payables and deferred cheques	205,935	(205,935)	(205,935)	-
Due to related parties	196,617	(196,617)	(196,617)	-
Other credit balances	1,795,987	(1,795,987)	(1,795,987)	-
Total	**2,198,539**	**(2,198,539)**	**(2,198,539)**	-

- **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Company's profit or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

- **Currency Risk**

The Company have no currency risk because the main currency for all his operations in Jordanian Dinars.

- **Fair value sensitivity analysis**
  The Company does not address with any financial assets and financial at fair value through profit and losses and it does not address the company derivatives as hedging instruments using the fair value model, so the change in interest rate at the date of the financial statements will not affect the profit and losses.

- **Capital management**
- The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, accumulated losses of the Company.
- The management monitors the return on capital, which the management defined as net operation income divided by total shareholders' equity.
- The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.
- There have been no changes in the Company's approach to capital management during the year neither the Company is subject to externally imposed capital requirements.

- **Fair Value Hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

A. Financial assets and liabilities that are measured at fair value on a recurring basis:

	December 31, 2016			
Jordanian Dinar	Carrying Amount	Fair Value Level 1	Amount	Level 3
As of 31 December 2016				
Cash and cash equivalent	6,340,879	6,340,879	-	-
Financial assets at fair value through other comprehensive income	4,107,824	4,107,824	-	-

	December 31, 2015			
Jordanian Dinar	Carrying Amount	Fair Value Level 1	Level 2	Level 3
As of 31 December 2016				
Cash and cash equivalent	6,302,197	6,302,197	-	-
Financial assets at fair value through other comprehensive income	4,161,314	4,161,314	-	-

For the items described above, the second level of the fair value of financial assets and liabilities is determined on basis of (agreed pricing models to reflect the credit risk of the parties dealing with the company / the supply price of similar assets, in an inactive market / interest rates, rate of return and implied volatility and credit margins / Market related inputs (linked to market data)