



بورصة عمان
الدائرة الإدارية والمالية
الديوان

١٥ أيار ٢٠١٧

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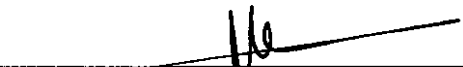

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عمان في : 2017/05/13
الرقم : ب.ع 2017/05/004 ش

To: Securities Depository Center.	السادة بورصة عمان المحترمين.
Attached the Quarterly Report of (Shira Real Estate Development and Investments) as of 31/03/2017, in English Language. Attached the financial statements of (Shira Real Estate Development and Investments) as of 31/12/2016, in English Language.	مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة (الشراع للتطوير العقاري والاستثمارات) كما هي بتاريخ 2017/03/31 ، باللغة الانجليزية. مرفق طيه نسخة من القوائم المالية السنوية لشركة الشراع للتطوير العقاري والاستثمارات كما هي بتاريخ 2016/12/31 ، باللغة الانجليزية.
Kindly accept our highly appreciation and respect Shira Real Estate Development and Investments	وتفضلوا بقبول فائق الاحترام،،، شركة الشراع للتطوير العقاري والاستثمارات

Chairman of the Board of Directors Mohammad Ahmad Al-Alawi 	رئيس مجلس الادارة محمد احمد العلوي 
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Copy for: - Amman stock exchange. - Jordan Securities Commission.	نسخة الى: - مركز ايداع الاوراق المالية. - هيئة الاوراق المالية.
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**SHIRA REAL ESTATE DEVELOPMENT &
INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**FINANCIAL STATEMENTS AND CERTIFIED
PUBLIC ACCOUNTANT'S REPORT
YEAR ENDED DECEMBER 31, 2016**

SHIRA REAL ESTATE DEVELOPMENT AND INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

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

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CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the shareholders

Shira Real Estate Development & Investments Company

Report on auditing the Financial Statements

We have audited the accompanying financial statements of Shira Real Estate Development & Investments Company (P.L.C), which comprise of the statement of financial position of December 31, 2016, and the related statements of comprehensive income, Statement of owners' equity and statement of cash flows, for the year then ended, notes to the financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of Shira Real Estate Development & Investments Company (P.L.C), as of December 31, 2016, and its financial performance and cash flows for the year then ended are in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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

Key audit matters

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

Lands investments and Villas for sale

In accordance with the International Financial Reporting Standards, the management has chosen to record land Investments and villas for Sale at cost. The company has to perform test of impairment for the land investments and villas for sale in the financial position, and any impairment losses will be calculated in accordance to the impairment policy, in which the management estimates the impairment through an evaluation expert (if any), and due to its significance, it is considered an important audit risk.

Investment in Affiliated Company

In accordance with International Financial Reporting Standards, the investment in affiliated company is made at cost in the financial position, and then amended to include the company's share of profit or loss and other comprehensive income for the affiliated company and due to its significance, it is considered an important audit risk.

Followed procedures within key audit matters.

Lands investments & Villas for sale

The audit procedures included examining the control procedures used in the verification of existence and completeness of lands and villas through land and villas registration certificates, in which there has been an impairment in 2015 according to the real estate experts, the impairment losses has been calculated in accordance to the impairment policy, and it was ascertained that there has been no decline in value after the impairment test of 2015 through evaluating the management assumptions, taking in consideration the available external information about impairment risk of lands investments and villas for sale, also we evaluated the sufficiency of the company disclosure about the important estimation including the impairment of lands investments and villas for sale.

Investment in Affiliated Company

The audit procedures included examining the control procedures used in the verification of existence and completeness of investment in affiliated company, by matching them with Securities Depository Center certificate as of December 31, 2016, and it has been verified of the company's share of profit and other comprehensive income of the affiliated company through its audited financial statements and evaluating the management assumptions, taking in consideration the available external information about the recognition of investment in affiliated company, also we evaluated the sufficiency of the company disclosure about the important estimation including recognition of investment in affiliated company.

Other information

The management is responsible for other information.

Which includes other information reported in the annual report, but not included in the financial statements and our audit report on it.

Our opinion does not include these other information, and we do not express any assertion over it.

Regarding our audit on consolidated financial statements we are obliged to review these other information, and while that, we consider the compatibility of these information with their financial statements or with the knowledge that we gained through audit procedure or seems to contain significant errors. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

Other Matter

As disclosed in note (6), the land of the Jordan Valley Authority plot no.(95) with an area of 41,980 m² is located in the Ghor / Dead Sea area. It was registered by the name of one of the former members of the Board of directors. The former member of the Board of Directors addressed the Jordan Valley Authority in the name of the company, but the transfer of ownership was not approved in accordance with the letter of the Jordan Valley Authority dated March 24, 2011 as the law of the Jordan Valley Authority prohibits the registration of land by the names of companies, but the names of individuals, and on April 21, 2016 the former member waived his rights to the former CEO and the current CEO, and on the same date the former CEO has signed an agreement that bind him to waive his to the land for the benefit of the Company when the regulatory and legal impediment has been removed and, if it is sold shall be in favor of the Company.

According to the certified real estate expert the market value of the land of the Jordan Valley Authority is less than the book value by JD 268,164 which led to allocate this amount as a provision in 2015.

Management and individuals responsible of governance about the financial statements

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

In preparing the Financial Statements, the 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 the management either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Individuals responsible of governance are responsible of supervising the preparation of financial statements.

Certified public accountant responsibility

Our objective is to obtain reasonable assurance about whether the Financial Statements are free from material misstatement, 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 International Standards on Auditing 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 decision of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the 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 the Management.
- Conclude on the appropriateness of the Management's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.

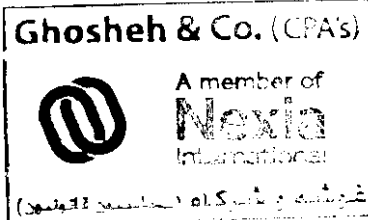
We communicated with audit committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Legal requirements report

The Company maintains proper books of accounts and the accompanying financial statements and the financial statements contained in the report of the board of directors in accordance with the proper books of accounts.

Ghosheh & Co.

Abd Al Kareem Qunais
License No.(496)



Amman-Jordan
March 20 , 2017

SHIRA REAL ESTATE DEVELOPMENT AND INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

THE STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINARS)

	Note	2016	2015
ASSETS			
Non-current assets			
Property and equipments	4	56,634	33,326
Villas for sale	5	1,847,684	2,019,860
Lands investments	6	9,155,971	11,102,383
Project under construction		44,000	-
Long term - checks under collection		142,800	87,500
Financial assets designated at fair value through other comprehensive income		195,000	-
Investment in affiliated company	7	6,342,859	-
Total non-current assets		17,784,948	13,243,069
Current assets			
Prepaid expenses and other receivables	8	5,484	1,131
Accounts receivable and checks under collection		802,187	239,580
Oak hills warehouse	9	35,223	37,332
Cash and cash equivalents	10	300,414	588,736
Total current assets		1,143,308	866,779
TOTAL ASSETS		18,928,256	14,109,848
LIABILITIES AND OWNERS' EQUITY			
Owners' equity			
Share capital	1	11,581,342	11,581,342
Paid capital		11,244,646	11,244,646
Statutory reserve	12	288,878	2,025
Voluntary reserve	12	6,111	6,111
Company's share from the net fair value of affiliated company		(385,563)	-
Fair value reserve		14,370	-
Accumulated losses		(3,328,382)	(5,910,062)
Total owners' equity		7,840,060	5,342,720
Conditional deposits	11	8,755,354	8,755,354
Current liabilities			
Accrued expenses and other liabilities	13	27,478	11,774
Accounts payable and deferred checks	14	347,967	-
Margin finance payables		933,925	-
Advance payments from customers		352,998	-
Banks overdraft	15	670,474	-
Total current liabilities		2,332,842	11,774
TOTAL LIABILITIES AND OWNERS' EQUITY		18,928,256	14,109,848

The accompanying notes are an integral part of these financial statements

SHIRA REAL ESTATE DEVELOPMENT AND INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMAPNY)

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
Sales		2,991,820	-
Cost of Sales		(2,418,661)	-
Gross Profit		573,159	-
General and Administrative expenses	16	(261,809)	(117,188)
Financial Charges		(25,474)	(352)
Margin finance expense		(47,427)	-
Company's share from net of owner equity for affiliated company		2,622,709	-
Impairment of lands investments	6	-	(680,428)
Impairment of villas for sale	5	-	(1,068,554)
Other Revenues and expenses		7,375	5,761
PROFIT / (LOSS) FOR THE YEAR		2,868,533	(1,860,761)
Other Comprehensive Income :			
Changes in fair value reserve		14,370	-
Company's share from the net fair value of affiliated company		(385,563)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,497,340	(1,860,761)
Profit/(loss) per Share:			
Profit/(loss) per Share JD/Share		0,255	(0,165)
Weighted Average of Outstanding Shares		11,244,646	11,244,646

The accompanying notes are an integral part of these financial statements

SHIRA REAL ESTATE DEVELOPMENT AND INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF OWNERS' EQUITY
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Share capital	Statutory reserve	Voluntary reserve	Company's share from the net fair value of affiliated company	Fair value reserve	Accumulated losses	Total
Balance at January 1, 2015	11,244,646	2,025	6,111	-	-	(4,049,301)	7,203,481
Comprehensive income	-	-	-	-	-	(1,860,761)	(1,860,761)
December 31, 2015	11,244,646	2,025	6,111	-	-	(5,910,062)	5,342,720
Comprehensive income	-	-	-	(385,563)	14,370	2,868,533	2,497,340
Transfer to Statutory Reserves	-	286,853	-	-	-	(286,853)	-
Balance at December 31, 2016	11,244,646	288,878	6,111	(385,563)	14,370	(3,328,382)	7,840,060

The accompanying notes are an integral part of these financial statements

SHIRA REAL ESTATE DEVELOPMENT AND INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

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

	2016	2015
Operating Activities		
Profit / (loss) Before Income Tax	2,868,533	(1,860,761)
Adjustments for Profit / (loss) Before Income Tax:		
Depreciation	11,152	6,678
Impairment of lands investments	-	680,428
Impairment of villas for sale	-	1,068,554
Financial charges	25,474	352
Gain on sale of property and equipment	(200)	-
Changes in operating assets and liabilities :		
Accounts receivables and checks under collection	(617,907)	403,968
Villas for sale	172,176	-
Prepaid expenses and other receivables	(4,353)	4,398
Oak hills warehouse	2,109	-
Project under constructions	(44,000)	-
Accounts payable and deferred checks	347,967	-
Accrued expenses and other liabilities	15,704	1,086
Advance payment from customers	352,998	-
Cash available from operating activities	3,129,653	304,703
Finance charges paid	(25,474)	(352)
Net cash available from operating activities	3,104,179	304,351
Investing Activities		
Changes in property and equipments	(34,460)	(22,203)
Proceeds from sale of property and equipment	200	-
Investment in affiliated company	(6,728,422)	-
Lands investments	1,946,412	-
Financial assets designated at fair value through other comprehensive income	(180,630)	-
Net cash used in investing activities	(4,996,900)	(22,203)
Financing Activities		
Bank overdraft and deferred letter of credit	670,474	-
Margin finance payables	933,925	-
Net cash available from financing activities	1,604,399	-
Net increase in cash and cash equivalents	(288,322)	282,148
Cash and cash equivalents, January 1	588,736	306,588
Cash and cash equivalents, December 31	300,414	588,736

The accompanying notes are an integral part of these financial statements

SHIRA REAL ESTATE DEVELOPMENT AND INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

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

1. ORGANIZATION AND ACTIVITY

The company was established and registered as a limited liability company in the ministry of industry and trade for the companies controller on July 15, 2004 under no. (9017), the legal status of company has been transferred into public shareholding company and was registered under no. (417) on September 18, 2006.

The company's general assembly has approved at its unusual meeting on March 6, 2008 to reduce the subscribed and paid in capital from JD 20,000,000 to JD 6,000,000, in which the reduction amount is transferred to the account of "conditional deposits" for the benefit of the shareholders, based on the decision of the JSC Commissioners no. (2007/708) and (2008/27) which has been adopted on 12/13/2007 and 1/22/2008 respectively, so that act prohibit the disposition of the value of such deposits originally resulted from the evaluation of company's lands when the legal status of the company's has been transferred from (L.L.C) to (P.L.C), for the benefit of the shareholders as an increase in the capital when the related lands has been sold, and after the approval of the JSC.

Based on the unusual meeting of the general assembly that was held on April 21, 2011, it was decided to increase the company's declared and paid in capital by JD 3,300,000 through the distributing of the amount realized from sale of lands registered in the "conditional deposits" account by 55% as free shares for the shareholders of the company, and the JSC has approved on the increase on its letter no. 2/1/2003 on October 26, 2011, and as result the company's capital has become JD 9,300,000.

According to the unusual meeting of the general assembly that was held on March 22, 2014, it was decided to increase the company's declared and paid in capital by JD 2,281,342 through the distributing of the amount realized from sale of lands registered in the "conditional deposits" account by 24.5% as free shares for the shareholders of the company, the JSC has approved on registering the increasing shares to the capital in the amount of JD 1,944,646 in its meeting held on August 27, 2014, through capitalizing the amount of sold lands from the deposits account which ownership has been transferred and distributed as free shares to the shareholders of the company, each by their share in the capital, and postponement of the subscription of JD 336,696 for being deferred sales done by not fully collected checks, as a result the subscription will be effective when the payment is due and collected, the ministry of industry and trade has agreed on the increase of the declared capital by JD 2,281,342 and paid in capital by JD 1,944,646 in its letter no. M E /1/417/49221 dated at September 8, 2014, in which the legal procedures were completed for the control department at the ministry of industry and trade on September 8, 2014.

the company has decided at the unusual meeting of the general assembly that was held on May 15, 2016 the following:

- 1- The reduction of the declared capital from JD 11,581,341 to JD 11,244,646.
- 2- The reduction of the declared and paid in capital from JD 11,244,646 to JD 5,334,584 through the amortization of the accumulated losses amounting to JD 5,910,062 as of December 31, 2015.
- 3- Re-raise the declared capital to JD 13,000,000 through the subscription of the current shareholders by JD 7,665,416 and / or the entry of one or more strategic partner for the subscription of the increasing shares.

The legal procedures for the previous decisions have not been completed by the date of issuance of these financial statements.

The principal activity of the Company is to build and sell housing projects, purchasing lands and real estate for the purpose of trading them.

The Company's headquarter is in Amman.

SHIRA REAL ESTATE DEVELOPMENT AND INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

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

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

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

<u>New Standards</u>	<u>Effective Date</u>
(IFRS) No.9 – Financial Instruments	January 1,2018
(IFRS) No.15 – Revenue from Contract with Customers	January 1,2018
(IFRS) No.16 – Leases	January 1,2019

Board of directors of the company is expecting that the application of these standards and interpretations will not have a substantial impact on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements

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

The Basics of preparation

These financial statements , were presented in Jordanian Dinar as the majority of transactions recorded in Jordanian Dinar.

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

Sales

Sales are realized when the goods are delivered and the invoice is issued, and they are shown net of trade discount or quantity discount.

Expenses

Selling and marketing expenses are mainly comprised of costs incurred from the distribution and sale of the Company's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include both direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales are made on a consistent basis when required.

Cash and cash equivalents

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

Revenues

revenues is earned through the sale of villas and lands when the sale agreement is signed from the buyer.

SHIRA REAL ESTATE DEVELOPMENT AND INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

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

Accounts Receivables

Accounts receivable are stated at original amount less a provision for any uncollectable amounts. An estimate for impairment of account receivable is made when there is a subjective evidence that the collection of the full amount is no longer probable.

Accounts Payable and Accrued Liabilities

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

Projects Under Constructions

all the assets under construction that the entity is spending until they are ready to operate, and until the completion all the expenses are classified in the financial position as projects under construction, and when completed all the expenses are capitalized and transferred to the fixed assets.

The warehouse

Inventories in the warehouse are valued at cost or net realizable value, whichever is lower, and cost is determined on the basis of the weighted average method.

Impairment in the Value of Financial Assets

On the date of each financial position, values of the financial assets have been reviewed, to determine if there is any indication of decline in its values.

As for financial assets such as trade receivables and assets assessed individually as not impaired, are assessed for impairment on a collective basis, the objective evidence of the decline in the value of a portfolio of receivables could include the previous experience of the company with respect to the collection of payments, and an increase in the number of late payments which exceeds the average loan period and may also include observed changes in local and global economic conditions that are correlated with defaults on accounts payable.

The carrying amount of the financial asset is reduced by the amount of the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a provision account. When a receivable is uncollectible, the amount of the provision and the corresponding amount are written off in the provisions account.

The changes in the carrying amount for the provisions account recognized in profit and loss account.

For available-for-sale equity instruments, previously recognized impairment losses are not reversed through the statement of comprehensive income. Any increase in fair value after impairment loss is recognized directly in the statement of equity.

Derecognition

The Company cancels the derecognizing the financial assets only when the contractual rights about the receipt of cash flows from the financial assets had ended, and substantially all the risks and benefits of the ownership that belong to another firm. In the case of the Company doesn't transfer or retain substantially the risks and benefits of the ownership and continues its control of the transferred assets, the Company in this case recognizes its share retained in the transferred assets and the related liabilities in the limits of the amounts expected to be paid. In the other case, when the Company retained substantially all risks and benefits of the ownership of the transferred assets, the Company will continue to recognize the financial assets.

SHIRA REAL ESTATE DEVELOPMENT AND INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Expenses

Expenses are recognized in the statement of income in accordance with their nature, consisting mainly of salaries, wages, depreciation and rentals. Other expenses are classified and reported as other administrative and operating expenses.

Property and Equipments

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis except power plant and equipment and machinery (melting furnace) depreciation is calculated on production capacity basis, the depreciation percentage for the assets as follows:

	Annual depreciation rate
Furniture and offices and decors	10%
Equipments and machinery	15%
Office equipments	10%
Computers and Communications	20%
Tools	10%
Billboards	15%
Vehicles	15%
Softwares and websites	20%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and depreciation period appropriate with the expected economic benefits of property and equipment. Impairment test is performed to the value of the property and equipment that appears in the Statement of Financial Position when any events or changes in circumstances shows that this value is non-recoverable.

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

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

Impairment in the Value of Non-Current Assets

On the date of each statement of financial position the company review the listed values for it's assets to specify if there is an indication to be decline losses of the value. if there is indication to that, the recovery value of the asset will be estimated to determine the loss of decline in the value if it be. In case , Inability to estimate the recovery value of specific asset. The Company estimate the recovery value for cash producing unit that related in the same asset .when there is ability to determine basis of distribution that is fixed and reasonable , the joint assets distribute to units producing of cash that related in the same asset . the joint assets distribute to specific cash producing unit or it distribute to specific cash producing unit or it distribute to smallest group from cash producing unit that it is able to determine basic fixed and resonable distribution for it.

The Recovery value is the fair value of asset minus the cost of sale or used value whichever is higher. In case, the recovery value (or the cash producing unit) estimated to be lower than the carrying value , the carryig value for asset (or cash producing unit) is reduced to the recovery value. Losses of the decline recognized directly in the statement of comprehensive income except if the asset that is re-evaluted then it is recorded as losses of the decline as reduction from re-evaluation provision.

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

SHIRA REAL ESTATE DEVELOPMENT AND INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

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

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

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

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

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

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

Lands investments

Lands investments are stated at cost (In accordance with IAS 40) the standarad has given the company the choice of recording its investments at cost or at fair value, on the condition that there is no impediment to determine relaiably the exact value of the investments, and the the management has chosen to record the investments at cost.

Investment in affiliated company

An affiliate is a company in which the "company" has a significant influence over it and it is not a subsidiary or a joint venture. The fundamental effect is the ability to contribute to the financial and operating decisions of the investee, not the joint control or control of these policies.

The result of the assets, liabilities of the affiliated companies or joint ventures is shown by using the equity method except when the invetment is classified as held for sale, in this case it will be calculated in accordance with IFRS no. (5), non-current assets held for sale and discontinued operations. According to the equity method the investment in affiliated company or joint venture is intially recognized in the financial position at cost and adjusted subsequently to recognize the company's share of profit or loss and other comprehensive income for the affiliated company.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and reliable estimate can be made regarding the amount of the obligation.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow estimated to settle the present obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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Use of estimates

The preparation of the financial statements and the application of accounting policies require management to make estimates and judgments that affect the amounts of financial assets and liabilities and disclose potential liabilities. These estimates and judgments also affect income, expenses and provisions, as well as changes in fair value that appear in the statement of income. the company management issue significant judgments and provisions to estimate the amounts of future cash flows and times, the estimates are necessarily based on assumptions and factors with varying degrees of judgment and uncertainty and actual results D differ from estimates due to the changes resulting from the conditions and circumstances of those estimates in the future.

We believe that our estimates in the financial statements are reasonable and detailed as follows:

Provision for impairment of receivables where impairment provision review within the foundations established by the management and International Financial Reporting Standards and are allocated according to the foundations of the most stringent calculation.

- The management estimated useful lives of the adoption of the tangible assets periodically for the purposes of calculating depreciation provision for these assets and estimates of the expected useful lives in the future, and is taken impairment loss (if any) in the statement of comprehensive income.

Segment report

The business sector represents a collection of assets and operation engaged together in providing product or services subjected to risks and returns that are different from those of other business sectors, which are measured according to the reports that are used by the executive director and the main decision – makers in the Company.

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

Offsetting

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

Income tax

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

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Foreign currency translation

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

4 – PROPERTY AND EQUIPMENT

	January 1	Additions	Disposals	December 31
Cost:				
Furniture and offices and decors	44,665	20,028	-	64,693
Equipments and machinery	13,357	-	(4,650)	8,707
Office equipments	25,594	7,707	(2,230)	31,071
Computers and Communications	29,319	3,572	-	32,891
Tools	870	-	-	870
Billboards	6,670	-	-	6,670
Vehicles	42,801	-	-	42,801
Softwares and websites	-	3,153	-	3,153
Total cost	163,276	34,460	(6,880)	190,856
Depreciation:				
Furniture and offices and decors	37,990	4,050	-	42,040
Equipments and machinery	13,239	116	(4,650)	8,705
Office equipments	20,731	2,343	(2,230)	20,844
Computers and Communications	27,411	1,035	-	28,446
Tools	770	59	-	829
Billboards	6,665	-	-	6,665
Vehicles	23,144	3,024	-	26,168
Softwares and websites	-	525	-	525
Total depreciation	129,950	11,152	(6,880)	134,222
Net book value January 1	33,326			
Net book value December 31				56,634

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5. VILLAS FOR SALE

This item includes the value of the villas for sale at oak hills project, the details of this item is as follow:

	2016	2015
Beginnig balance	2,019,860	3,088,414
Cost of villas sold	(249,582)	-
Addition	77,406	-
Impairment of villas for sale *	-	(1,068,554)
	<u>1,847,684</u>	<u>2,019,860</u>

- The balance of villas for sale include the lands of the unsold villas amounting to JD 779,659 in exchange of conditional deposits (note- 11).

* according to the certified experts the market value of villas for sale is less than the book value by JD 1,068,554 which led to a provision of the amount during 2015.

The market value for the lands of villas for sale according to the certified experts amounting to JD 2,418,050 and the book value amounting to JD 3,088,414, and th provision was taken down by each villa.

6. LANDS INVESTMENTS

The details of lands investments are as follow:

1- Fuhais - Hsalon east land Plot No. (353) and an area of 8,296 m2 and is located to the south-west of the suburb of Paradise, where the disposition of it is prohibited for a period of five years from the date of May 19, 2011.

2- Fuhais - Hsalon east land Plot No. (264) and an area of 10,368 m2 and is located to the south-west of the suburb of Paradise.

3- Wadi Al-Sir - Al-Kursi land consist of six plots which are numbered (1692, 1693, 1694, 1695, 1696, 1697) with a total area of 13,441 m2.

4- Naour Zboud and Sail Hussban land plot no. (232) and area of 141,495 m2, according to the certified experts the market value of of the land is less than th book value by JD 95,506, which led to a provision of the amount during 2015, the land was mortgaged for exchange of bank facilities from Al-Etihad Bank.

5- The land of Jordan Vally Authority plot no. (95) and an area of 41,980 m2, located at Al-Ghor / Dead Sea. It is regitered in the name of one of the former members of board of directors. The former member of the board of directors has addressed jordan vally authority regarding the transfer of ownership to the company, but according to the memorandum of the jordan vally authority dated March 24, 2011 the law of the jordan vally authority prohibit the act of registering the lands ownership to companies just individuals only. On April 21, 2016 the former member of the board of directors surrendered the ownership of the land to the former CEO and the current CEO and on the same date a declaration has been made by the former CEO to waive his share of ownership to the compny when the regularory and legal impidement demise.

According to the certified experts the market value of the jordan vally authority is less than the book value by JD 268,164, which led to a provision of the amount during 2015.

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6- Naour Al-Mashqar land plot no. (3) located at Al-Mashqar village, which is a common land where the company's share amounting to 2,575 share out of 4,944, equivalent to 122,487 m2 of the total area which equal to 23,175 m2 as this is outside of the organization.

According to the certified experts the market value of the Naour Al-Mashqar land is less than the book value by JD 316,758, which led to a provision of the amount during 2015.

7- Oak hills project land plot no. (21) and an area of 799 m2 located at bilal area.

- Of the lands investments mentioned above the amount of JD 5,709,484 represent lands in exchange of conditional deposits (note- 11)

-The details of impairment of lands investments are as follow:

	2016	2015
Impairment provision of Naour Zboud and Sail Hussban land plot no. (232)	-	95,506
Impairment provision of land of Jordan Vally Authority plot no. (95)	-	268,164
Impairment provision of Naour Al-Mashqar land plot no. (3)	-	316,758
	-	680,428

The Market value for the total of lands investments according to the certified real estate experts amounting to JD 13,585,733 and the book value is JD 11,782,811, Impairment provision has been taken down for each land.

7. INVESTMENT IN AFFILIATED COMPANY

During 2016, approximately 10% of Al-Deera for Investment and Real Estate Development shares were owned by the company, due to the significant influence and management control over the investment and the existing of joint board members, in conclude the ownership of the company and the joint board members of Al-Deera for Investment and Real Estate Development represent approximately 49% of its shares, and according to the IAS no. (28) this investment considered investment in affiliated company, the details of this investment is as follow:

Investment cost	4,105,713
The increase in company's share of net owner equity of Al-Deera for Investment and Real Estate Development as of December 31, 2016	2,237,146
	<u>6,342,859</u>

8. PREPAID EXPENSES AND OTHER RECEIVABLES

	2016	2015
Prepaid expenses	4,595	583
Due from income tax	637	288
Refundable deposits	150	150
Other receivables	102	110
	<u>5,484</u>	<u>1,131</u>

9. OAK HILLS PROJECT WAREHOUSE

	2016	2015
Oak hills project warehouse tools and supplies	27,135	29,244
Oak hills project warehouse air condition units	8,088	8,088
	<u>35,223</u>	<u>37,332</u>

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10. CASH AND CASH EQUIVALENT

	2016	2015
Cash on hands	414	595
Cash on banks	300,000	132,668
Deposit - Al-Etihad Bank	-	455,473
	300,414	588,736

11. CONDITIONAL DEPOSITS

As indicated in note no. (1) this item represent the lands owned by the company and they are conditional upon being transferred to the owner equity after the approval of the JSC when they are sold, detailed as follow:

	2016	2015
Beginning balance of unsold lands	8,312,982	8,312,982
Less: lands sold during the year	1,823,839	-
Ending balance of unsold lands	6,489,143	8,312,982

Balance of sold lands not transferred to capital	2,266,211	442,372
	8,755,354	8,755,354

* The detail of this item is as follow:

	2016	2015
Lands on which villas are built - note (5)	8,312,982	8,312,982
Lands investments - note (6)	1,823,839	-
	6,489,143	8,312,982

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12. RESERVES

Statutory reserve

In accordance with the Companies Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 25% of the capital. However, the company may, with the approval of the General Assembly, continue this deduction until this reserve is equal to the declared capital of the Company in full. This reserve is not available for dividend distribution.

Voluntary reserve

In accordance with the Companies' Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company can establish a voluntary reserve by an appropriation of no more than 20% of net income. This reserve is available for dividends distribution till the approval of the Company's General Assembly.

13. ACCRUED EXPENSES AND OTHER LIABILITIES

	2016	2015
Accrued expenses	11,345	7,176
Shareholders deposits	88	88
Due to income tax	200	-
Due to social security	1,148	-
Subcontractors	14,697	4,510
	<u>27,478</u>	<u>11,774</u>

14. ACCOUNTS PAYABLE AND DEFERRED CHECKS

	2016	2015
Deferred checks	300,000	-
Accounts Payable	47,967	-
	<u>347,967</u>	<u>-</u>

15. BANK OVERDRAFT

During 2016 the company obtained bank facilities from Al-Etihad Bank in the form of overdraft amounting to JD 600,000 with interest rate of 9.25%, commission 0.5%, against cash deposits and first class mortgage.

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16. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Salaries ,wages and related other benefits	103,964	38,995
Telephone and post	3,121	1,432
Water, electricity	8,570	1,504
Stationary and printings	1,194	322
Government fees and subscriptions	24,701	26,588
Professional fees	14,700	10,065
Rent	38,722	4,000
Vehicles and transportations	3,190	1,153
Depreciations	11,152	6,678
Maintenace	20,536	15,278
Advertising	14,423	6,927
Cleaning	1,169	1,826
Agriculture and landscaping	7,266	-
Security	4,900	-
Others	4,201	2,420
	261,809	117,188

17. INCOME TAX

The company ended its tax position with the Income and Sales Tax Department until the end of 2014. As of 2015, the income return has been submitted and the financial statements have not been audited by the Income and Sales Tax Department until the date of issuance of the financial statements.

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18. FINANCIAL INSTRUMENTS

The Fair Value

The fair value of financial assets and financial liabilities Financial assets include cash and cash equivalents and checks under collection and receivables, securities, and include accounts payable, credit facilities and loans and credits and other financial liabilities.

First level: the market prices stated in active markets for the same financial instruments.

Level II: assessment methods depend on the input affect the fair value and can be observed directly or indirectly in the market.

Level III: valuation techniques based on inputs affect the fair value cannot be observed directly or indirectly in the market

<u>December 31, 2016</u>	<u>level one</u>	<u>Second Level</u>	<u>third level</u>	<u>Total</u>
Financial assets designated at fair value through statement of comprehensive income	-	-	-	-
Financial assets designated at fair value through statement of other comprehensive income	195,000	-	-	195,000
	195,000	-	-	195,000
<u>December 31, 2015</u>	<u>level one</u>	<u>Second Level</u>	<u>third level</u>	<u>Total</u>
Financial assets designated at fair value through statement of comprehensive income	-	-	-	-
Financial assets designated at fair value through statement of other comprehensive income	-	-	-	-
	-	-	-	-

Management of share capital risks

The Company manages its capital to make sure that the Company will continue when it is take the highest return by the best limit for debts and owner equity balances. The Company's strategy doesn't change from 2015.

Structuring of Company's capital includes debts that consists of loans as shown in (note 16, 17) and the owner's equity in the Company which includes share capital, statutory reserve, and retained earnings as it listed in the changes in owners equity statement.

The debt ratio

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

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The management of the financial risks

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

Management of the foreign currencies risks

The company maybe exposed to significant risks related with the foreign currencies changing, especially with regard to the procurement of iron albelt by (EUR) where the efective mangement for this exposed.

Credit risk management

The credit risks represent in one part of the financial instruments contracts has not obligated to pay the contractual obligations and cause of that the Company is exposing financial losses, However, there are no any contracts with any other parts so the Company doesn't expose to different types of the credit risks, The significant credit exposed for any parts or group of parts that have a similar specification have been disclosed in note No.8. The Company classified the parts which have similar specifications as a related parties. Except the amounts which are related in the cash money. The credit risks that are resulting from the cash money are specific because the parts that are dealing with it are local banks have good reputations and have been controlled from control parties.

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

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issuance on March 20, 2017.

20. COMPARATIVE FIGURES

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