

Ref. 381/2017

Date: 15/05/2017

Messrs. Amman Stock Exchange
Amman – Jordan

Subject: Disclosure of Preliminary Results Report

Dear Sirs,

Reference to the above mentioned subject, Attached you will find the preliminary results report for AlFaris National Company for Investment and Export plc for the year 31/3/2017.

Kindy accept our high appreciation and respect,

AlFaris National Company for Investment & Export

Majed Sifri
Chief Executive Officer

optimiza
شركة الفارس الوطنية م.ع

C.C. File

بورصة عمان
الدائرة الإدارية والمالية
تسليم مستوفى
١٥ أيار ٢٠١٧
3104
31232
2110/6/17

**AL – FARES NATIONAL COMPANY FOR
INVESTMNET AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONSOLIDATED FINANCIAL
STATEMENTS AND INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANT'S REPORT
FOR THE PERIOD ENDED MARCH 31, 2017**

**AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT'S REPORT
FOR THE PERIOD ENDED MARCH 31, 2017**

INDEX	PAGE
Report on reviewing the interim consolidated financial statements	1
Interim consolidated statement of Financial Position	2
Interim consolidated statement of Comprehensive Income	3
Interim consolidated statement of shareholders' equity	4
Interim consolidated Statement of Cash flows	5
Notes to the interim consolidated Financial Statements	6 – 19

REPORT ON REVIEWING THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the president and members of the board of directors
AL – Fares National Company for Investment and Export (P.L.C)

Introduction

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

Scope of Review

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

Basis for qualification

In 2014, the Company assigned a financial expert to conduct an impairment test of the goodwill and developed computer programs amounting to JD (19,394,760). The results of the test showed a decrease in their value by JD (3,966,505). The Board of Directors of the Company decided to deduct a provision for impairment of the amount of (500,000) for each fiscal year starting from the fiscal year 2014 until the full value is completed. Accordingly, JD (1,625,000) has been deducted as a provision for impairment and is charged to profit and loss account until March 31, 2017. Deduction of any provision for the remaining balance of impairment JD (2,341,505), up to March 31, 2017, which reduced the company's losses and also inflated the net shareholders' equity of the company by the same amount.

Conclusion

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

Other Matter

As a result of the discontinuation of the business and operational activity of Gulf Electronics Technical Solutions Limited Company (Saudi Arabia), the Board of Directors has decided not to consolidate their financial statements with the Company's financial statements. in Accordance with the requirements of IFRS (5) "Non-current Assets Held for Sale and Discontinued Operations".

Ghosheh & Co.

Abdul Kareem Qunais
License No.(496)



Amman - Jordan
April 25, 2017

AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF MARCH 31, 2017 AND DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	2017	2016
ASSETS			
Non-current assets			
Property and equipment		470,888	474,727
Goodwill	5	2,661,888	2,786,888
Investment in developed computer programs	5	15,107,872	15,107,872
Investments in joint ventures		126,325	126,325
Total non-current assets		18,366,973	18,495,812
Current assets			
Prepaid expenses and other receivables		2,446,271	2,219,187
Inventory		769,319	546,009
Unearned revenue		5,862,353	3,698,252
Accounts receivable and checks under collection		3,532,501	4,422,190
Cash and cash equivalents		1,761,596	1,315,494
		14,372,040	12,201,132
TOTAL ASSETS		32,739,013	30,696,944
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Shares capital	1	6,000,000	6,000,000
Statutory reserve		121,459	121,459
Voluntary reserve		25,230	25,230
Accumulated losses		(126,043)	(132,662)
Total shareholders' equity		6,020,646	6,014,027
Non-current liabilities			
End – of – service indemnities		158,551	158,551
Long term loans		3,656,303	3,862,918
Total non-current liabilities		3,814,854	4,021,469
Current liabilities			
Accrued expenses and other payable		5,851,357	5,089,564
Accounts payable and deferred Checks		6,414,077	5,110,207
Current portion of long term loans		4,675,213	4,707,638
Banks overdraft		4,281,986	4,073,159
		21,222,633	18,980,568
Obligations related to discontinued subsidiary	4	1,680,880	1,680,880
Total current liabilities		22,903,513	20,661,448
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		32,739,013	30,696,944

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

AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)

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

	For the three months ended March 31, 2017	For the three months ended March 31, 2016
Revenues		
Sales	6,009,134	4,900,926
Service revenues	71,828	77,240
Total revenue	6,080,962	4,978,166
Cost of revenues		
Cost of sales	(5,280,669)	(4,257,048)
Cost of service revenue	(51,589)	(75,633)
Total cost of revenue	(5,332,258)	(4,332,681)
Gross profit for the period	748,704	645,485
Selling and administrative expenses	(421,242)	(386,798)
Depreciations	(27,173)	(27,164)
Interest and Financial charges	(170,687)	(200,820)
Different provisions	(125,000)	(125,000)
Obligations related to discontinued subsidiary	-	(950,000)
Net profit of a pending discontinued subsidiary company	-	916,414
Other revenues and expenses	2,017	37,138
Profit / (Loss) of the period	6,619	(90,745)
Other comprehensive income :	-	-
Total comprehensive income for the period	6,619	(90,745)
Earnings /(loss) per share:		
Earnings/(loss) per- share JD/ share	0.001	(0.006)
Weighted average of outstanding share	13,500,000	15,162,008

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

AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)

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

	Share capital	Statutory reserve	Voluntary reserve	Accumulated losses	Total
Balance at December 1, 2017	6,000,000	121,459	25,230	(132,662)	6,014,027
Comprehensive income of the period	-	-	-	6,619	6,619
Balance at March 31, 2017	6,000,000	121,459	25,230	(126,043)	6,020,646
Balance at January 1, 2016	16,000,000	114,657	25,230	(10,193,876)	5,946,011
Comprehensive income of the period	-	-	-	(90,745)	(90,745)
Balance at March 31, 2016	16,000,000	114,657	25,230	(10,284,621)	5,855,266

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

AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)

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

	For the three months ended March 31, 2017	For the three months ended March 31, 2016
OPERATING ACTIVITIES		
Profit / (Loss)of the period	6,619	(90,745)
Adjustments onprofit / (Loss)of the period:		
Depreciations	27,173	27,164
Investment subsidiary impairment	125,000	125,000
Different provision	-	950,000
Investment in subsidiary impairment	125,000	125,000
Returns of investment in a discontinued subsidiary	-	(271,580)
Interest and Financial charges	170,687	200,820
Changes in operating assets and liabilities:		
Accounts receivable & checks under collection	889,689	905,701
Unearned revenues	(2,164,101)	(1,223,637)
Inventory	(223,310)	106,914
Prepaid expenses and other receivables	(227,084)	(72,148)
Accounts payables and deferred checks	1,303,870	969,128
Accrued expenses and other payable	761,793	4,052
Cash available from operations	670,336	1,630,669
Paid Financial charges	(170,687)	(200,820)
Net cash available from operating activities	499,649	1,429,849
INVESTING ACTIVITIES		
Changes in Property and equipment	(23,334)	(4,973)
Net cash used in investing activities	(23,334)	(4,973)
FINANCING ACTIVITIES		
Loans	(239,040)	(280,149)
banks overdraft	208,827	(259,270)
Net cash used in financing activities	(30,213)	(539,419)
Net change in cash and cash equivalents	446,102	885,457
Cash and cash equivalents, January 1	1,315,494	857,204
CASH AND CASH EQUIVALENTS, March 31	1,761,596	1,742,661

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

**AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)**

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

1. ORGANIZATION AND ACTIVITIES

AL – Fares National Company for Investment and Export. P.L.C("the Company") is a Jordanian public shareholding Company registered on November 21, 2005 under the commercial registration number (373) after conducting all legal procedures it have been converted from a limited liability company to a public shareholding. The company's declared and paid up capital is JD 16,000,000 divided into 16,000,000 shares each for JD1.

The general assembly approved, on its unusual meeting held on August 14,,2016, of the following:

A- Decreasing the Company's capital from JD 16,000,000 to JD 6,000,000 by amortizing JD 10,000,000 from the accumulated losses of JD 10,193,876 as of December 31, 2015..

B- Increasing the company's capital to JD16,000,000 by issuing 10,000,000 shares at the price of one JD and without a issuance premium and / or as determined by the Jordan Securities Commission to the shareholders of the Company and / or strategic shareholders to be named and their contribution by the Board of Directors of the Company.

The company has completed its capital decrease procedures at the Companies Control Department, where the authorized and paid-up capital of the company has become 6,000,000 JD / share.

The capital decreasing procedures have been completed on November 28, 2016 with the Companies Control Department, the Securities Commission and the Securities Depository Center and the Amman Stock Exchange on 18 December 2016.

The capital increasing procedures have not been completed until the date of the interim consolidated statement of financial position.

AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)

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

The Interim Consolidated Financial Statements as of March 31, 2017 and December 31, 2016 comprise of the financial statements of the affiliated companies:

Company	Place of registration	Date of registration	Vote and ownership ratio	Principal activity
National Computer Company Ltd. *	Jordan	1983	100%	Programming and analyzing computer systems, selling computer supplies and maintaining computers and electronic device.
Allied Software Company Ltd.	Jordan	2001	92%	Development of software and information systems.
Aregon Ltd - Branch of foreign limited liability company.	Bermuda	2000	100%	Providing of supply chain, management solution, and optimization services.
Advance Training Company Ltd.	Jordan	2001	100%	Providing training courses in the implementation and analysis of various computer programs, execution of training courses, and consulting services related to communications, and development of computer programs and communications.
Incubator Electronics Co. Ltd. (exempt)	Jordan	2007	100%	Manufacture and sale computer software and hardware, contribute of other company and manufacturing the printing machine
Optimiza Computer System Ltd.	Dubai	2009	100%	Computer program and computer supplies and software trading in computer and its supplies
Optimiza Morocco	Kingdom of Morocco		100%	Computer program and computer supplies and software trading in computer and its supplies

* On June 19, 2014 branch to National Computer company has been established in Aqaba Economic Zone under No.(1114061901), in accordance with the regulations of Aqaba Special Zone No. (23) of 2000, and its amendments.

AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)

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

The Company's shares in subsidiaries net income amounting to JD (207,264) as of March 31, 2017 (2016: JD 674,810) determined by the equity method as follows:

	2017	2016
The subsidiary's share in the income of National Computer Company Ltd.	288,176	1,288,107
The subsidiary's share in the income of Allied Software Company. Ltd.	(862)	(2,030)
The subsidiary's share in the income of Aregon Ltd - Branch of foreign limited liability company	(69,101)	(318,542)
The subsidiary's share in the income of Advanced Training Company Ltd.	(9,882)	(23,022)
The subsidiary's share in the income of Incubator Electronics Company Ltd. (exempt)	(1,067)	(269,703)
	207,264	674,810

The book value of the investment in subsidiaries amounting to JD 14,557,506 as of March 31, 2017 (2016: 14,280,074) determined by the equity method as follows:

	2017	2016
The book value of investment in National Computer Company Ltd.	13,063,077	12,774,901
The book value of investment in Allied Software Company Ltd.	1,149,137	1,149,999
The book value of investment in Aregon Ltd - Branch of foreign limited liability company	-	-
The book value of investment in Advanced Training Company Ltd.	345,292	355,174
The book value of investment in Incubator Electronics Company Ltd. (exempt)	-	-
	14,557,506	14,280,074

AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)

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

As of March 31, 2017 and December 31, the summary of the total assets, liabilities, revenue and income of the subsidiaries and the significant assets and liabilities items are as follows:

A. National Computer Company Ltd.

	2017	2016
Total assets	27,706,592	25,699,722
Total liabilities	16,143,515	14,424,822
Total shareholders' equity	11,563,077	11,274,900
Total revenues	5,985,405	19,414,743
Net income period/ year	288,176	1,288,107
Share Capital	311,482	311,482
Investment in computer programs	10,817,055	10,817,055
Property and equipment	458,700	462,514
Accounts payable and deferred checks	4,796,867	3,493,791
Loans	4,607,513	4,377,504
Due to bank	2,478,513	2,648,088

B. Allied Software Company Ltd.

	2017	2016
Total assets	611,627	611,627
Total liabilities	259,435	258,573
Total shareholders' equity	352,192	353,054
Net income period/ year	(862)	(2,030)
Share capital paid	800,000	800,000

C. Aregon Ltd - Branch of foreign limited liability company.

	2017	2016
Total assets	237,676	234,676
Total liabilities	5,524,520	5,521,520
Total owners equity	(5,286,844)	(5,286,844)
Net loss for the period/ year	(69,101)	(318,542)
Accounts receivable	76,821	76,821
Share capital	15,488,975	15,488,975

D. Advance Training Company Ltd

	2017	2016
Total assets	177,782	177,733
Total liabilities	149,433	139,501
Total owners equity	28,349	38,232
Total revenues	-	161,974
Net loss for the period/ year	(9,882)	(23,022)
Share Capital	320,000	320,000

AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)

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

E. Incubator Electronic Company L.T.D *

	2017	2016
Total assets	1,707,140	1,707,140
Total liabilities	1,786,099	1,785,032
Total shareholder's equity	(78,959)	(77,892)
Account receivable	1,706,901	1,706,901
Assets related to investment in stalled subsidiary company	1,680,880	1,680,880
Net income / loss for the year	(1,067)	(269,703)
Share capital	30,000	30,000

as a result of the discontinuation of Gulf electronic Technology Solutions L.L.C (KSA) and its operational activity at the end of 2014, the board of Directors decided not to consolidate their financial statements with the financial statements of the company, and these investments has been reported, according to the requirements of the international financial reporting standard No. 5 "non-current assets held for sale and discontinued operations."

As of March 31, 2017 and December 31, 2016, the summary of the total assets liabilities revenue for the subsidiary company of National computer company as follows:

-Optimaiza computer system Ltd.

	2017	2016
Total assets	484,729	524,924
Total liabilities	2,000,367	1,716,503
Total owners equity	(1,515,638)	(1,191,579)
Revenue	(1,084,877)	1,576,793
Net income for the year	(324,059)	(1,088,136)
Share capital	58,000	58,000

- Optimiza Morocco Ltd.

	2017	2016
Total assets	287,851	329,488
Total liabilities	672,442	697,581
Total owners equity	(384,591)	(368,093)
Total revenue	24,529	-
Net loss for the year	(16,497)	(11,654)
Share capital	8,658	8,658

**AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)**

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

2. NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs ISSUED 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

Basis of preparation

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

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

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

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

Significant accounting policies

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

**AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)**

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

Basis of Interim Consolidation Financial Statements

The Consolidated Financial Statements incorporate the financial statements of Al – Fares National Company for Investment and Export (Public Shareholding Company) and the subsidiaries controlled by the Company.

Control is achieved where the Company:

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

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

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

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)

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

All intergroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue recognition

Revenues are recognized upon delivering goods to customers and rendering service and issuing an invoice with the net price after deducting sales or trade discounts

Expenses

Selling and marketing expenses mainly comprise of costs incurred in 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.

Accounts receivable

Account receivable are stated at their net realizable value after forming an allowance for doubtful accounts based on a general review at the end of the year, bad debts are written off in the period of recognizing them.

Accounts payable and accrued

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

Non – controlled processes

The non controlled operation is the operation that include using assets and other resources for the parties involved in the coalition rather than establishing a company or any financial structure separate from the coalition parties themselves and each party of the coalition use his propriety and equipment and incur his own expenses and liability and provide his own funding, the joint venture contract provide the method which enable to split the revenue from joint contract and any expenses incur jointly between coalition parties, the financial statement include the Company share from joint venture business results using the equity method.

Inventories

Inventories are stated at cost or market whichever lower using (FIFO) inventory valuation method.

Investments in computer programs

The fair value of the computer program resulting from acquisition of subsidiaries were reassessed based on the amount that can be recovered, if the value is less than the book value, it would be deducted from reimbursable value, this impairment appears in the income statement.

Goodwill

Goodwill represents increased purchase cost in investment in subsidiary company than the fair value for net assets in date of ownership, and based on the board of director decision taken in 2009, it will amortize the goodwill that come from purchase Vision for Development and Information Systems and Computer Services (P.L.C), and subdue the rest of subsidiary company goodwill for declining test.

AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)

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

The Decline in value of the financial assets

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

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

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

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

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

Cancellation of Recognition

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

Property and equipment

Property and equipment are stated at cost after deducting accumulated depreciation. Expenditure on maintenance and repairs is expensed while expenditures for developments are capitalized. The acquisition price of assets includes cost of loans taken to finance preparing equipments and providing necessary improvements to make them ready for use. Depreciation is allocated over the estimated useful lives of the applicable assets using the straight line method. The estimated rates of depreciation of the principal assets using the straight line method, the estimated rates of depreciation of the principal classes of assets are as follows:

	Annual depreciation rate
Machinery and equipment	20%
Furniture	10%
Computer software	25%
Decorations	10-15 %
Vehicles	15%
Tools	15%
Computers	15%
Books	20%

AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)

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

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

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

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

The decline in value of the non-current assets

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

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

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

In case, Recovery losses for decline of the value, Increase the listed value of asset (or unit producing of cash) to the fair value of recovery as not to increase the adjusted listed value of asset (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.

Income tax

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

Leasing

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

Rentals payable under operating leases are recorded in the statement of income on a straight-line basis over the term of the operating leases.

AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)

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

Provisions

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

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

The use of estimation

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

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

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

The sector report represents

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 consolidated 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.

Foreign currency translation

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

**AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)**

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

5. INVESTMENT IN DEVELOPED COMPUTER PROGRAMS AND GOODWILL

During 2005 and 2007 the Company acquired the entire shares of the Company's old partners in subsidiaries, which has been shown in note no. (1) To the financial statements amounting to JD19,937,230 on the basis of net equity for each subsidiary. Agreed on the acquisition date amounting to JD7,925,742 and the difference amounting to JD 12,011,488 have been distributed as follows:

Fair value for developed computer programs *	7,615,437
Goodwill	4,396,051
	<u>12,011,488</u>

The fair value of the computer programs developed and goodwill balance after excluding the ideal company for software services, which was sold in 2010 as well, after excluding the Gulf electronic company Technology Solutions L.L.C (KSA), which ceased to operate at the end of 2014 were as follows:

	Fair value of computer program developed	Goodwill
Balance before disposal	7,615,437	4,396,051
Disposal of the difference of Fair value for computer programs developed and goodwill purchase of ideal for software services	(3,324,620)	(109,163)
	<u>4,290,817</u>	<u>4,286,888</u>
Disposal goodwill purchase of Gulf electronic company Technology Solutions	-	(676,967)
Impairment provision of goodwill purchase of subsidiaries	-	(948,033)
Balance after disposal	<u>4,290,817</u>	<u>2,661,888</u>

In 2014 the company assigned a financial expert to check impairment of goodwill and computer programs developed amounting to JD (19,394,760), where this expert assessment of the value of the amount recovered from the goodwill and computer programs developed have been measured on the basis of value in use, which is calculated using stalled cash flows through estimated budgets approved by the company management, which covers a period of five years to come on the basis of a discount rate of 13.5 % annually.

where the results indicated impairment in their value by JD (3,966,505), The Board of Directors has decided to deduct JD (500,000) for each financial year starting from fiscal year 2014 until the completion of the full value and, accordingly, it has been Deducted as an impairment provision and transferred to the profit and loss account for the year ended December 31, 2014, and a JD (1,625,000) has been deducted March 31, 2017 an impairment provision and transferred to the profit and loss account.

As for the remaining balance of the impairment that amount to JD (2,341,505) , the board of director has decided to test impairment of goodwill annually according to International Financial Reporting Standards, & if in case shows a continued impairment, the company informed us that it will deduct JD(500,000) annually & transfer it to profits and losses account till the impairment balance is covered.

AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)

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

The details of goodwill:

	2017	2016
Balance as of January 1	2,786,888	3,286,888
Provision of impairment of goodwill	(125,000)	(500,000)
Balance as of December 31	2,661,888	2,786,888

The details of investment in developed computer programs as follows:

	2017	2016
Investment in computer programs developed	10,817,055	10,817,055
Difference of fair value for computer programs developed	4,290,817	4,290,817
	15,107,872	15,107,872

And according to IFRS we must re-evaluated the fair value for computer program as recalculated amount from it, then when the amount less than the fair market value for computer program, we decreasing its value to the recalculated value and record this decrease in consolidated comprehensive income statement.

4. OBLIGATIONS RELATED TO DISCONTINUED SUBSIDIARY

As a result of the in discontinued di of Gulf of electronic technology Solutions L.L.C(KSA) and its operation at the end of 2014, the board of director decided not to consolidate its financial statement with the company's financial statements' at the end of 2014 and its shown & classified according to IFRS requirement Number (5) "Non-current Assets Held for Sale and Discontinued Operations".

The details for investment in stalled subsidiaries companies as follows:-

	Assets		Liability	
	Differences in the fair value of computer program developed	Goodwill from purchase discontinued company	Company share of subsidiary net owners equity	Total
<u>Gulf of electronic technology Solutions L.L.C</u>				
<u>Cost :</u>				
Balance at purchase date	-	676,967	327,425	1,004,392
Balance after amendment	-	676,967	327,425	1,004,392
<u>Declining</u>				
Balance 1/1	-	(676,967)	-	(676,967)
declining during the Year	-	-	-	-
Balance at 31/3	-	(676,967)	-	(676,967)
<u>Share of the result to business</u>				
Balance at 1/1 (accumulated loss)	-	-	(2,008,305)	(2,008,305)
Share for the year	-	-	-	-
Balance at 31/3	-	-	(2,008,305)	(2,008,305)
Total Net book value	-	-	(1,680,880)	(1,680,880)
Total	-	-	(1,680,880)	(1,680,880)

**AL – FARES NATIONAL COMPANY FOR INVESTMENT AND EXPORT
(PUBLIC SHAREHOLDING COMPANY)**

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

6. FINANCIAL INSTRUMENTS

Management of share capital risks

The Company manage its capital to make sure that the Company will continue when it is take the highest return by the best limit for debts and owners' equity balances. The Company's strategy doesn't change from 2016.

Structuring of Company's capital includes debts, which includes owners' equity in the Company, which includes capital, reserves, accumulated losses as it listed in the changes in interim owners' equity statement.

The management of the financial risks

The Company's activities might be exposing mainly to the followed financial risks.

Management of the foreign currencies risks

It is the risk of changing the value of financial instruments due to changes in foreign exchange rates, and the Jordanian dinar is the base currency of the company, the Board sets limits on the financial position for each currency the company has, and is reviewing the foreign exchange center on a daily basis and they are following strategies to make sure to keep foreign currencies Center within the approved boundaries.

All the Group's operations are mainly in Jordanian Dinar and the Saudi riyal and UAE dirham, and there is no risk as a result of the company dealing in such currencies as the prices of those fixed currency does not change because it is pegged to the US dollar.

Management of the interest price risks

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

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

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.

7. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issuance on April 25, 2017 these financial statement require General Assembly approval.