

FIRST JORDAN

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شركة الأردن الأولى للاستثمار
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معا

To: Jordan Securities Commission
Amman Stock Exchange

السادة هيئة الأوراق المالية
السادة بورصة عمان

Date: 30/7/2017

التاريخ: 2017/7/30

Subject: Semi- Annual Report as of
30/6/2017

الموضوع : التقرير نصف السنوي كما هو في
2017/6/30

Attached the company's Semi-
Annual Report of First Jordan
Investment Company As of
30/06/2017

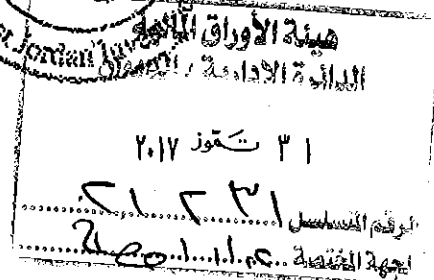
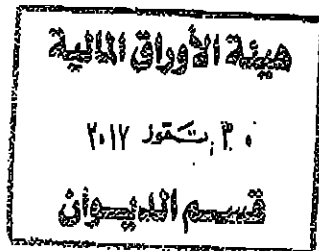
مرفق طيه نسخة من التقرير نصف السنوي
لشركة الأردن الأولى للاستثمار كما هو بتاريخ
2017/6/30

Kindly accept our highly
appreciation and respect

وتفضلوا بقبول فائق الاحترام،،،

Mohammad Khair Ababneh
Chairman
First Jordan Investment Co.

محمد خير عبد الحميد عبابنه
رئيس مجلس الإدارة
شركة الأردن الأولى للاستثمار



**FIRST JORDAN INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AND ITS SUBSIDIARIES (THE GROUP)
AMMAN – JORDAN**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION FOR THE SIX MONTHS
ENDED JUNE 30, 2017**

**TOGETHER WITH THE INDEPENDENT AUDITOR'S
REPORT ON THE REVIEW OF THE CONDENSED
CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**FIRST JORDAN INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AND ITS SUBSIDIARIES (THE GROUP)
AMMAN – JORDAN**

FOR THE SIX MONTHS ENDED JUNE 30, 2017

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**Independent Auditor's Report on the Review of the Condensed Consolidated Interim
Financial Information**

**To the Chairman and the Members of the Board of Directors
First Jordan Investment Company
(Public Shareholding Company)
And its subsidiaries (the group)**

Amman – Jordan

We have reviewed the accompanying condensed consolidated interim financial information of **First Jordan Investment Company – “the company” - Public Shareholding Company - and its subsidiaries (“the Group”)** as of June 30, 2017 which comprise condensed consolidated interim statements of financial position and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the six months period then ended. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard number (34) “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (2410) “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The accompanying condensed consolidated interim financial information includes a due receivable balance from Al-Baha Company for Investments amounted to JOD 10,589,535 as of June 30, 2017 (December 31, 2016: JOD 10,595,390) as disclosed in Note (8). Also the accompanying condensed consolidated interim financial information includes an investment in (Al-Baha Company for Investments) recorded at its historical cost amounted to JOD 20,002 as of June 30, 2017 (December 31, 2016: JOD 20,002). Al-Baha Company for Investments financial statements were not consolidated with the group condensed consolidated interim financial information (Note 2-b). We were not able to obtain sufficient and appropriate audit evidence directly or through alternative audit procedures to verify the recoverability of the due amount to the Group and the value of the investment in the subsidiary as well as the validity of the subsidiary’s financial statements disclosed. Accordingly, we were unable to determine if there are any adjustments necessary to the accompanying condensed consolidated interim financial information.

Qualified Conclusion

Based on our review and except for the possible effects of what is mentioned in the basis of qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as of June 30, 2017 is not prepared, in all material respects, in accordance with International Accounting Standard number (34) “Interim Financial Reporting”.





Emphasis of Matter Paragraphs

Without further qualifying our conclusion, we draw attention to the following matters:

- Note (7) "Investment properties" includes a land plot with carrying amount of JOD 1,870,295 registered in the names of some of the Board of Directors' members as of June 30, 2017 (31 December 2016: JOD 1,870,295), written representations obtained by the Group against this land plot from the Board of Directors' members that the ownership of this land and its related revenues are in the favor of the group, and these representations were deposited at the Companies Control Department and the Jordan Valley Authority to secure the shareholders' equity.
- Note (11) to the accompanying condensed consolidated interim financial information, which shows that there is a lawsuit raised against the Group. The ultimate outcome of this lawsuit cannot be reliably determined accordingly, no provision has been accounted for in the condensed consolidated interim financial information against any consequences that may arise on the Group.
- Note (11) to the accompanying condensed consolidated interim financial information which describes that the Group has filed a lawsuit at the First Instance Tax Court to object on the Income and Sales Tax Department decision for imposing sales tax on one of its subsidiaries amounted to JOD (96,236) and related penalties amounted to JOD (127,326) for the financial years 2012 and 2013. Based on the Company's Management and its legal consultant opinions, the possibility of winning and cancelling this lawsuit is high. The final outcome of this legal case cannot be determined accordingly, no additional provisions has been accounted for in the condensed consolidated interim financial information against any consequences that may arise on the Group.

Kawasmy & Partners
KPMG



Hatem Kawasmy
License No, (656)

Amman – Jordan
July 25, 2017

**FIRST JORDAN INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AND ITS SUBSIDIARIES (THE GROUP)
AMMAN – JORDAN**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

<i>Jordanian Dinar</i>	Note	As of June 30, 2017	As of December 31, 2016
Assets			
Non-current assets			
Property and equipment	6	342,291	362,648
Financial assets at fair value through other comprehensive income		18,855,212	20,824,667
Investments in associates and subsidiaries		23,807	23,807
Due from related parties within more than one year	8	606,496	605,978
Investment property	7	42,404,402	42,573,903
Projects under construction		22,000	22,000
Deferred tax assets		613,065	613,065
Total non-current assets		62,867,273	65,026,068
Current assets			
Financial assets at fair value through profit or loss		8,247,403	8,809,147
Other debit balances		287,038	446,348
Due from related parties within one year	8	10,589,535	10,595,390
Cash and cash equivalents		29,061	352,318
Total current assets		19,153,037	20,203,203
Total assets		82,020,310	85,229,271
Owners' equity and Liabilities			
Owners' equity			
Paid-up capital	1	75,000,000	75,000,000
Statutory reserve		327,276	327,276
Retained earnings		4,425,522	5,115,754
Fair value reserve		(7,130,244)	(5,696,383)
Total owners' equity		72,622,554	74,746,647
Liabilities			
Non-current liabilities			
Bank loans due within more than one year		6,568,467	7,323,113
Total non-current liabilities		6,568,467	7,323,113
Current liabilities			
Due to banks		35,230	-
Bank loans due within one year		1,469,556	1,617,507
Due to related parties	8	11,160	6,324
Accounts payable and other credit balances		1,313,343	1,535,680
Total current liabilities		2,829,289	3,159,511
Total liabilities		9,397,756	10,482,624
Total owners' equity and liabilities		82,020,310	85,229,271

The accompanying pages from (7) to (16) are integral parts of these condensed consolidated interim financial information.

The condensed consolidated interim financial information on pages from (3) to (16) were approved by the Group's Board of Directors on July 20, 2017.

**FIRST JORDAN INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
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AMMAN – JORDAN**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

<i>Jordanian Dinar</i>	For the three months ended		For the six months ended	
	30 June		30 June	
	2017	2016	2017	2016
Net rental revenues	82,557	258,228	152,245	518,226
Net losses from Financial assets at fair value through of profit or loss	(368,568)	(392,870)	(401,643)	(432,489)
Dividends	2,364	10,666	482,508	10,666
Administrative expenses	(140,949)	(153,163)	(287,866)	(296,397)
Investment property expenses	(111,576)	(48,636)	(219,095)	(48,636)
Commissions on sale and purchase of securities	(1,069)	(1,441)	(3,591)	(3,570)
Gains from foreign currency exchange	711	63	802	130
Other income	12,234	4,307	15,369	109,205
Loss from operating activities	(524,296)	(322,846)	(261,271)	(142,865)
Interest income	168	234	329	1,263
Finance expenses	(153,084)	(253,596)	(316,484)	(441,637)
Loss before income tax	(677,212)	(576,208)	(577,426)	(583,239)
Income tax expense	-	(5,778)	-	(11,785)
Loss for the period	(677,212)	(581,986)	(577,426)	(595,024)
Other comprehensive income (loss) items that will never be reclassified to profit or loss statement:				
Change in fair value for financial assets through other comprehensive income	(476,882)	1,791,380	(1,321,055)	5,619,642
Losses from sale of financial assets at fair value through other comprehensive income	(284)	(29,069)	(112,806)	(120,954)
Total comprehensive (loss) income for the year	(1,154,378)	1,180,325	(2,011,287)	4,903,664
Loss per share				
Basic earnings per share (JOD/Share)	(0,009)	(0,007)	(0,008)	(0,008)
Diluted earnings per share (JOD/Share)	(0,009)	(0,007)	(0,008)	(0,008)

The accompanying pages from (7) to (16) are integral parts of these condensed consolidated interim financial information.

The condensed consolidated interim financial information on pages from (3) to (16) were approved by the group's board of directors on July 20, 2017.

**FIRST JORDAN INVESTMENT COMPANY
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AND ITS SUBSIDIARIES (THE GROUP)
AMMAN – JORDAN**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>Jordanian Dinar</i>	Paid up Capital	Statutory Reserve	Retained Earnings	Fair Value Reserve	Total
<u>For the six months ended June 30, 2017</u>					
Balance at January 1, 2017	75,000,000	327,276	5,115,754	(5,696,383)	74,746,647
Loss for the period	-	-	(577,426)	-	(577,426)
Other comprehensive loss	-	-	-	(1,546,667)	(1,546,667)
Transfer from fair value reserve to retained earnings	-	-	(112,806)	112,806	-
Balance at June 30, 2017	75,000,000	327,276	4,425,522	(7,130,244)	72,622,554
<u>For the six months ended June 30, 2016</u>					
Balance at January 1, 2016	75,000,000	327,276	5,954,693	(10,613,063)	70,668,906
Loss for the period	-	-	(595,024)	-	(595,024)
Other comprehensive income	-	-	-	5,377,734	5,377,734
Transfer from fair value reserve to retained earnings	-	-	(120,954)	120,954	-
Balance at June 30, 2016	75,000,000	327,276	5,238,715	(5,114,375)	75,451,616

* In accordance with the regulations of the Jordan Securities Commission, it prohibits the distribution of part of the retained earnings which include part of the negative value of the fair value differences of financial assets to shareholders.

* Retained earnings as of June 30, 2017 includes deferred tax assets in the amount of JOD 613,065 (December 31, 2016: JOD 613,065) which is restricted to be used or to be distributed to the shareholders according to the instructions of Jordanian Security Exchange Commission.

The companying pages from (7) to (16) are integral parts of these condensed consolidated interim financial information.

**FIRST JORDAN INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
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AMMAN – JORDAN**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

<i>Jordanian Dinar</i>	Note	For the six months ended June 30	
		2017	2016
Cash flows from operating activities:			
Loss for the period before income tax		(577,426)	(583,239)
Adjustments:			
Depreciation	6,7	229,858	180,688
Losses (gains) on financial assets at fair value through statement of profit or loss		(426,801)	437,141
Net finance expenses		316,155	440,374
		(458,214)	474,964
Change in:			
Other debit balances		159,310	100,878
Financial assets at fair value through statement of profit or loss		988,545	25,068
Due from related parties		5,337	(19,657)
Accounts payable and other credit balances		(222,337)	(737,590)
Net cash flows from (used in) operating activities		472,641	(156,337)
Cash flows from investing activities:			
Interest income		329	1,263
Financial assets at fair value through statement of profit or loss		422,788	539,948
Purchase of investment property		(40,000)	-
Net cash flows from investing activities		383,117	541,211
Cash flows from financing activities:			
Change in due to related parties		4,836	4,299
Change in bank loans		(902,597)	(476,612)
Finance expense paid		(316,484)	(441,637)
Net cash flows used in financing activities		(1,214,245)	(913,950)
Change in cash and cash equivalents		(358,487)	(529,076)
Cash and cash equivalents at the beginning of the period		352,318	644,566
Cash and cash equivalents at the end of the period		(6,169)	115,490

The companying pages from (7) to (16) are integral parts of these condensed consolidated interim financial information.

**FIRST JORDAN INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
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AMMAN – JORDAN**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1) GENERAL

First Jordan Investment Company was incorporated in Amman – Jordan on May 3, 2006 and registered as a Public Shareholding Company under registration number (402). The Company's registered office address is at Al-Rabia area, Abdullah Bin Rawaha Street, Building No. (4), Amman – Jordan. The condensed consolidated interim financial information of the company as of June 30, 2017 comprise the company and its subsidiaries (referred to as "**The Group**") in addition to the company's interests in the associates companies and other company's under joint control.

The authorized and paid up capital amounted to JOD 75,000,000 as of 30 June 2017 with a JOD 1 par value.

The Company's general assembly resolved in its extraordinary meeting held on April 20, 2014 to decrease its paid up through the amortization of its accumulated losses, accordingly total authorized and paid up capital reached JOD 75 Million divided on to 75 Million Share.

The company's shares has been returned back to trading on July 7, 2014 after the completion of all legal procedures necessary for the capital reduction at the ministry of industry and trade.

The parent company and its subsidiaries main objectives are as follows:

Investments in all economic and financial fields, establishing, managing and leasing of real estate projects and investments in real estate projects, investing in the real estate development projects and investing in the development and improving of the building.

The condensed consolidated interim financial information were approved by the Board of Directors on July 20, 2017 and still subject to the Group's General Assembly approval.

2) BASIS OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION PREPARATION

(a) Statement of compliance

- The condensed consolidated interim financial information for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 "Interim Financial Reporting".
- These condensed consolidated interim financial information should be read with the consolidated financial statements for the year ended December 31, 2016. As well as the financial performance for the condensed consolidated interim financial information for the period ended June 30, 2017 does not necessarily give an indication for the expected financial performance for the year that will be ending on December 31, 2017. In addition, no appropriation has been made on the profit for the period to reserves, which will be appropriated in the annual consolidated financial statements at the end of the year 2017.
- The considerations of measurement and recognition were applied in the condensed interim financial statements as of December 31, 2016, moreover, the Company did not have transactions effected by seasonality events during the year.

(b) Basis of condensed consolidated interim financial information

- The condensed consolidated interim financial information comprise of the condensed consolidated interim financial information of First Jordan investment Company (the "Parent Company") and its subsidiaries together referred to (the "Group"), which subject to its control. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The condensed interim financial information of the subsidiaries are included in the condensed consolidated interim financial information from the date on which controls commences until the date on which control ceases.
- Condensed consolidated interim financial information are prepared for the subsidiaries to the same financial year of the parent company and using the same accounting policies adopted by the parent company.

**FIRST JORDAN INVESTMENT COMPANY
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Company owns the following subsidiaries as of June 30, 2017:

Company name	Authorized and Paid up Capital	Ownership Percentage	Main activity	Country
		%		
First Fuheis Investment Company	19,500	100	Real Estate	Jordan
First Salt Investment Company*	300,000	100	Investments	Jordan
Al-Mattar Investment Company**	19,500	100	Investments	Jordan
Al-Tunaib for Real Estate Investment Company	19,500	100	Real Estate	Jordan
Pearl Hawara for trading and Investment Company	19,500	100	Real Estate	Jordan
Al-Ada'a for Real Estate Development and Leasing Company	50,003	100	Real Estate	Jordan
Al- Taher for Investment and Real Estate Development Company	750,000	100	Real Estate	Jordan
Al-Baha investment Company	50,000	55	Real Estate	Jordan
Citadel first financial Investment Company	650,000	30,77	Investments	Jordan
First Ramtha Investment Company	19,500	22	Real Estate	Jordan

- The deficit of working capital in Al- Taher for Investment and Real Estate Development Company (Limited Liability Company) amounted to JOD 607,606 at 30 June 2017 (31 December 2016: JOD 544,066). During the first quarter of 2017, the Company has completed the extinguishment of accumulated losses of JOD 751,572 at 31 December, 2016 through its parent company's current account.
- The deficit of working capital in Al-Ada'a for Real Estate Development and Leasing Company (Private Shareholding Company) amounted to JOD 841,601 at 30 June 2017 (31 December 2016: JOD 511,933).
- The deficit of working capital in Al-Fuhais Investment Company (Limited Liability Company) amounted to JOD 131,554 at June 30, 2017 (Nil at 31 December 2016). During the first quarter of 2017, the Company has completed the extinguishment of accumulated losses of JOD 40,534 at 31 December 2016 through its parent company's current account.
- * The Board of Directors of the Company decided during its extraordinary meeting held on 3 June 2017 to reduce the capital of the First Salt Investment Company (Limited Liability Company) by JOD 270,000 through the partner's account to JOD 30,000, noting that the legal procedures have not yet been completed.
- ** The Board of Directors of the Company decided during its extraordinary meeting held on 3 June 2017 to liquidate the company on an optional liquidation, noting that the legal procedures have not yet been completed.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The table below shows the financial position and financial performance of the subsidiaries as at 30 June 2017:

<i>Jordanian Dinar</i>	As of June 30, 2017			
	Total assets	Total Liabilities	Total revenue	Loss for the yea
First Fuheis for Investment Company	7,777,598	7,774,708	-	(16,611)
First Salt for Investment Company	2,600	54,769	-	(1,198)
Al-Mattar for Investment Company	49,305	9	-	(204)
Al-Tunaib for Real Estate Investment Company	1,688,138	1,669,426	-	(123)
Pearl Hawara for trading and investment Company	1,036,541	1,017,760	-	(99)
Al-Ada'a for Real Estate Development and Leasing Company	11,475,211	7,641,615	308,083	(99,140)
Al- Taher for Investment and Real Estate Development Company	14,924,148	14,432,641	-	(258,492)
Al-Baha for Investment Company*	16,158,428	16,257,593	-	(6,865)

*The Group did not consolidate Al-Baha for Investments Company financial statements as of 30 June 2017, 31 December 2016 and 30 June 2016. Although the group on the third of March 2013, acquired control over Al-Baha investment company board of directors, this control was considered temporary to facilitate conducting the required legal procedures by Al-Baha Investment Company in its case raised against Gulf Company for General investments which owns Marina Tower project in Dubai, and the group will eliminate this control upon the completion of the above need. Figures disclosed above represent the financial position and the financial performance of Al-Baha Investment Company according to the latest audited financial statements provided by the group's management.

The operations' result of the subsidiaries are consolidated in the consolidated Profit or Loss and other comprehensive income statement as of the date of its acquisition and this is the date that the actual transmission of the company's control on the subsidiary.

The investor obtain control over the investee when the investor is exposure, or rights, to variable returns to the investor from its involvement with the investee and the ability of the investor to use power over the investee to affect the amount of the investee and its returns.

Thus, the principle of control sets out the following three elements of control:

- 1- Power of the investor over the investee;
 - 2- Exposure, or rights, to variable returns or the investor from its involvement with the investee; and
 - 3- The ability of the investor to use power over the investee to affect the amount of the investee and its returns.
- The Parent Company should reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three above mentioned elements.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.
- Any gain on bargain purchases is recognized in the statement of profit or loss and other comprehensive income. Extra transactions costs are expensed as incurred, except if related to the issue of debt or equity securities.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognized in consolidated statement of profit or loss and other comprehensive income.

Any contingent consideration payable is measured at fair value at the acquisition date if the contingent consideration was classified as equity. As a result, any transactions are treated through equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in consolidated statement of profit or loss and other comprehensive income.

Non-controlling interest are measured at their proportionate share of the acquirer's identifiable net assets at the acquisition date.

On loss of control, the parent-subsidary relationship ceases to exist. The parent no longer controls the subsidiary's individual assets and liabilities and other elements of owners' equity related to the subsidiary and eliminated from the consolidated financial statements.

Gain or loss associated with the loss of control attributable to the former controlling interest are recognized in the consolidated profit or loss and other comprehensive income.

Balances, transactions and unrealized profits and expenses resulted from transactions within the group are eliminated when preparing these consolidated financial statement.

On loss of control, the parent-subsidary relationship ceases to exist. The parent no longer controls the subsidiary's individual assets and liabilities. Therefore, the parent company:

- 1- Derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position.
- 2- Recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs.
- 3- Recognizes the gain or loss associated with the non-controlling interest.

Consolidated financial statements are prepared for the subsidiaries to the same financial year of the parent company and using the same accounting policies adopted by the parent company. If one subsidiary use accounting policies other than those adopted in the consolidated financial statements for similar transactions and events in similar circumstances, appropriate adjustments are made to that Group subsidiaries' financial statements, in preparing the consolidated financial statements to ensure conformity with the International Financial Reporting Standards.

Non-controlling interest are measured at their proportionate share of the acquirer's identifiable net assets at the acquisition date.

Balances, transactions and unrealized profits and expenses resulted from transactions within the group are eliminated when preparing these condensed consolidated interim financial information.

(c) Estimates Use

The preparation of the condensed consolidated interim financial information in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies, amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The accounting estimates and judgments in applying the accounting policies that materially affect the amounts in the condensed consolidated interim financial information in the preparation of the condensed consolidated interim financial information for the six months ended 30 June 2017 are the same as those applied in the consolidated financial statements for the year ended 31 December 2016.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3) Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial information for the six months ended 30 June 2017 are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2016, except for the following International Financial Reporting Standards effective on January 1, 2017 and after:

- Amendments to IAS 7.
- Annual improvements to the International Financial Reporting Standards for the 2014-2016 cycles.
- Amendments to IAS 12 Recognition of deferred tax assets for unrealized losses.

The adoption of these new standards does not have a material impact on the condensed consolidated interim financial information and its explanatory notes.

IFRS not yet effective with early application permitted:

- IFRS 15 Revenue from Customer Contracts. (Effective 1 January 2018).
- IFRS 9 Financial Instruments. (Effective 1 January 2018).
- IFRS 16 Leases. (Effective 1 January 2019).

4) Financial risk management and capital management

The Company is generally exposed to the financial risks of credit risk, liquidity risk, market risk and capital management risk. In general, the Company's financial risk management objectives and policies are similar to those disclosed in the consolidated financial statements and the Group's annual report for the year ended December 31, 2016.

The fair value structure of the financial assets of equity instruments is disclosed in note 10.

The Group did not have any change in capital management during the current interim period and the Group is not subject to any external capital requirements

5) Segment reporting

The sector is a group of elements in the Group that are unique to the risks and rewards that distinguish them from others and participate in the provision of products or services. This is known as the operational sector or participates in the provision of products or services within a specific economic environment characterized by other sectors in other economic environments. When providing information on a geographical basis, segment revenue is based on the geographical location of the customers and the segment's assets are based on the geographical location of the asset.

A) Operating sector

The Group has the following main business segments:

- Investments.
- Real estate

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<i>Jordanian Dinar</i>	<u>Investments</u>	<u>Property</u>	<u>Total</u>
As of and for the six months ended 30 June 2017			
Net income for the segment	80,865	228,046	308,911
Interest income	256	73	329
Finance expenses	(51,961)	(264,523)	(316,484)
Depreciations	(20,357)	(209,501)	(229,858)
Other revenue	4,220	11,149	15,369
Administrative expenses	(234,131)	(118,773)	(352,904)
Commissions on sale and purchase of securities	(3,591)	-	(3,591)
Losses of currency differences	802	-	802
Loss of the segment	(223,897)	(353,529)	(577,426)
Segment's total assets	40,891,340	41,128,970	82,020,310
Segment's total liabilities	818,564	8,579,192	9,397,756
Deferred tax assets	600,000	13,065	613,065
Capital expenditures	-	-	-
 <i>Jordanian Dinar</i>	 <u>Investments</u>	 <u>Property</u>	 <u>Total</u>
As of and for the six months ended 30 June 2016			
Net income for the segment	(421,823)	629,024	207,201
Interest income	763	500	1,263
Finance expenses	(69,534)	(372,103)	(441,637)
Depreciations	(4,804)	(175,884)	(180,688)
Other revenue	-	109,205	109,205
Administrative expenses	(243,512)	(31,631)	(275,143)
Commissions on sale and purchase of securities	(3,570)	-	(3,570)
Losses of currency differences	130	-	130
(Loss) income of the segment	(742,350)	159,111	(583,239)
Segment's total assets	44,871,940	41,529,908	86,401,848
Segment's total liabilities	1,608,850	9,341,382	10,950,232
Deferred tax assets	-	13,065	13,065
Capital expenditures	-	-	-

B) Geographical sector

- The Group operates within the Hashemite Kingdom of Jordan.

6) Property and equipment

The additions to property and equipment during the period ended 30 June 2017 amounted to Nil (JOD 5,270 for the year ended 31 December 2016), while there are no disposals during the same period ended 30 June 2017 and for the year ended 31 December 2016.

The depreciation expenses for the period ended 30 June 2017 amounted to JOD 20,357 (30 June 2016: JOD 21,254).

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7) Investments property

- The additions to investments property during the period ended 30 June 2017 amounted to JOD 40,000 (JOD 27,048 for the year ended on 31 December 2016), and the depreciation amounted to JOD 209,501 during the period ended 30 June 2017 (JOD 159,434 for the period ended 30 June 2016).
- A land of investments property amounting to JOD 2,128,075 was mortgaged against the granting of a loan from the Commercial Bank of Jordan.
- A land of investments property amounting to JOD 4,158,390 was mortgaged against the granting of a loan from the Egyptian Real Estate bank.
- The land balance includes a plot of land amounting to JOD 1,870,295 registered with the names of some of the members of the Board of Directors as of 30 June 2017. The registration is due to the names of some of the members of the Board of Directors being located within the territory of the Jordan Valley Authority. The Group, in return, holds written representations of the members of the Board of Directors that the land belongs to the Group and that the returns have been deposited with the Companies Control Department and the Jordan Valley Authority for the Custody of the Shareholders..
- The investments property owned by the company are prohibited from disposing of them in accordance with the provisions of the "Law of Renting movable and immovable property and its sale to non-Jordanians and legal persons No. 47 of 2006". In accordance with the provisions of this law, such investment cannot be disposed of in any way before the expiry of 3 years from the date of its acquisition if the purpose of the purchase is housing, and five years if for any other purposes.

8) Balances and transactions with due related parties

Related parties are sister and associate companies, and the companies owned by the principal owners and senior management personnel of the company. The company's management approves the pricing policies and terms of these transactions.

(8-1) Due from related parties

<i>Jordanian Dinar</i>			Volume of transaction for the six months ended 30 June		As of 30 June 2017,	As of 31 December 2016
	Nature of relationship	Nature of activities	2017	2016		
<u>Due within one year</u>						
Al-Baha for Investments Company	Subsidiary Company	Finance	5,855	21,620	10,589,535	10,595,390
Citadel first financial investment company	Affiliate Company	Finance	-	-	3,939,566	3,939,566
Impairment provision					<u>3,939,566</u>	<u>(3,939,566)</u>
					<u>10,589,535</u>	<u>10,595,390</u>
<u>Due for more than one year</u>						
First Ramtha investment company	Affiliate Company	Finance	532	633	606,496	605,978

(8-2) Due to related parties

<i>Jordanian Dinar</i>	Nature of relationship	Nature of activities	Volume of transaction for the six months ended 30 June		As of 30 June 2017,	As of 31 December 2016
			2017	2016		
BOD receivables	Board of director	expenses	4,836	4,299	11,160	6,324
					<u>11,160</u>	<u>6,324</u>

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(8-3) Loans from related party

<i>Jordanian Dinar</i>	Nature of relationship	Nature of activities	As of 30 June 2017	As of 31 December 2016
Jordan Commercial Bank*	Major shareholders	finance	5,218,956	5,523,632
			5,218,956	5,523,632

*This item represents financing from Jordan Commercial Bank and appears in the loans item in the condensed consolidated interim statement of financial position.

The interest rate on the loans mentioned above is 8%.

(8-4) Salaries and benefits of higher management

Salaries, bonuses and transfers of the Executive Management and members of the Board of Directors short-term amounted to JOD 128,397 for the period ended 30 June 2017 (for the period ended 30 June 2016: JOD 131,831).

9) Income tax

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The effective income tax rate for the group during the year is zero due to the group realized losses.

The company reached to a final clearance with the Income and sales tax department up to the year-end 2014, and submitted its tax return for the years 2015 and 2016 and no final clearance obtained up to the date of these consolidated interim financial information.

During the year 2016, Income and sales tax department completed the years 2012, 2013 and 2014 audit for Al-Ada'a for Real Estate Development Company (Subsidiary Company), and issued its decision to claim the company to pay income tax amounted to JOD 223,000 for the years 2012 and 2013, where the company appealed to the tax court and demanding for tax refund in the interest of the company, this case is still pending at the court, the group position is good based on the opinion of the Group's management, it's tax advisor and the lawyer.

10) Financial risk management

Market risk

Market risk arises from financial assets at fair value through other comprehensive income that is held to meet the partially unfunded portion of the Group's liabilities as well as investments at fair value through statement of profit or loss and other comprehensive income. The group's management monitors the debt and securities portfolio in its market-based investment portfolio. Material investments are managed in the portfolio on an individual basis and the Risk Management Committee approves all purchase and sale decisions.

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- Fair Value Hierarchy

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

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs good be defend directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

<i>Jordanian Dinar</i>	Book Value	Fair Value		
		Level 1	Level 2	Level 3
<u>30 June 2017</u>				
Cash and cash equivalents	29,061	29,061	-	-
Financial assets at fair value through other comprehensive income	18,855,212	18,851,812	3,400	-
Financial assets at fair value through profit or loss	8,247,403	8,247,403	-	-
Loans	(8,038,023)	(8,038,023)	-	-
<u>31 December 2016</u>				
Cash and cash equivalents	352,318	352,318	-	-
Financial assets at fair value through other comprehensive income	20,824,667	20,798,792	25,875	-
Financial assets at fair value through profit or loss	8,809,147	8,809,147	-	-
Loans	(8,940,620)	(8,940,620)	-	-

Management believes that the carrying amounts of financial assets and liabilities appearing in the financial information approximate their fair values.

There are no transfers between Level 1 and Level 2 of the fair value.

B. Financial assets and liabilities that are not measured at fair value:

<i>Jordanian Dinar</i>	Book Value	Fair Value		
		Level 1	Level 2	Level 3
<u>30 June 2017</u>				
Due from related parties	11,196,031	-	11,196,031	-
Other debit balances	287,038	-	287,038	-
Accounts payable and other credit balances	(1,313,343)	-	(1,313,343)	-
Due to related parties	(11,160)	-	(11,160)	-
<u>31 December 2016</u>				
Due from related parties	11,201,368	-	11,201,368	-
Other debit balances	446,348	-	446,348	-
Accounts payable and other credit balances	(1,535,680)	-	(1,535,680)	-
Due to related parties	(6,324)	-	(6,324)	-

*Management believes that the carrying amount of these financial assets approximate their fair value. There were no transfers between level 1 and level 2.

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11) Contingent Liabilities

<i>Jordanian Dinar</i>	As of 30 June 2017	As of 31 December 2016
Bank guarantees	155,500	155,500

The company and others appears defendant (companies and individuals) in a lawsuit raised by the public right prosecutor and United Group Holdings Company PLC, demanding the amount of JOD 72 Million. Where First Jordan Group owns 340,000 shares of United Group Holding PLC shares as of 30 June 2017, according to the Group's legal counsel opinion, the Group's position in this legal case is good, since the company started the process of providing the court with defense evidences which proves that the group did not seize any funds belonging to the United Group Holdings PLC, and that the group was not consulted or involved in any decisions issued by the United Group Holdings PLC board of directors.

During the year 2016, Income and sales tax department completed the years 2012, 2013 and 2014 audit for Al-Ada'a for Real Estate Development and Leasing Company (Subsidiary Company), and issued its decision to claim the company to pay income tax amounted to JOD 223,000 for the years 2012 and 2013, where the company appealed to the tax court and demanding for tax refund in the interest of the company, this case is still pending at the court, the group position is good based on the opinion of the Group's management, its tax advisor and the lawyer.

12) Comparative figures

The comparative figures represent the consolidated statement of financial position as at 31 December 2016, as well as the condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim changes in equity and condensed consolidated interim cash flows for the six months ended 30 June 2016. Some of the comparative figures, which considered as immaterial were reclassified to match with current period presentation without affecting on the prior period net losses or the retained earnings.