

Date: 24/04/2017

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Amman Stock Exchange

Subject: Audited Financial Statements

for the year ended 31/12/2016

Dear Sir,

Please find attached the audited financial statements of Premier Business and Projects company for the year ended 31/12/2016.

Best regards,

Basim Muasher
Chairman

بورصة عمان
الداخلة الإدارية والمالية
الديوان
٢٦ نيسان ٢٠١٧
الرقم التسلسلي: 2449
رقم الملف: 41610
التوقيع: [Signature]

PREMIER FOR BUSINESS AND PROJECTS

(PUBLIC SHAREHOLDING COMPANY)

FINANCIAL STATEMENTS

31 DECEMBER 2016

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Premier for Projects and Investments Public Shareholding Company
Amman- Jordan**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Premier for Projects and Investments a Public Shareholding Company (the Company), which comprise the statement of financial position as at 31 December 2016, and the income statements, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Share of income from associate investments

At 31 December 2016, the Company has associate investments amounting to JD 3,205,621, with share of profits recorded during the year 2016 amounted to JD 540,384 which represent the main source of income to the Company. The Company focus on income from associate, as a key performance measure, which could create an incentive to overstate income, and accordingly this area was considered a key audit matter for the audit.

How key audit matter was addressed

Our audit procedures included, amongst others, obtaining the audited financial statements from associates as of 31 December 2016 and audit the implementation of the equity method of accounting related to the associate including the recalculation of the Company's share of income and net assets from the associate based on the associate audited financial statements.

Disposal of a subsidiary and an associate

During the year 2016, the Company sold 50% of its investment in Premier for Distribution and Marketing Co. (a subsidiary), which resulted in reducing the Company's investment to 50% and give up the company's management to the acquirer, accordingly the Company lost control and reclassified the investment as an associate investment. In addition, during the year, the Company sold 9% of its investment in Henkel Jordan (an associate) to reduce its investment from 49% to 40%. The accounting treatment of disposal of investments is complex, and accordingly this area considered a key audit matter.

How key audit matter was addressed

Our audit procedures included substantiating the supporting documents and agreements related to the transactions, in addition to assessing the appropriate implementation of the Company's accounting policy for the partial disposal of the subsidiary and the associate, including the impact on profit and loss and the de-consolidation of the subsidiary, and the valuation of the remaining investment.

Disclosures of reduction in ownership share of the subsidiary and the associate are detailed in note (7,15) to the financial statements.

Other information included in the Company's 2016 annual report.

Other information consists of the information included in the annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the financial statements.

Ernst & Young / Jordan

Waddah Isam Barkawi
License No. 591

Amman-Jordan
26 March 2017

Ernst + Young

**PREMIER FOR BUSINESS AND PROJECTS
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Notes	2016 JD	2015 JD
ASSETS			
Non-current assets -			
Financial assets at fair value through other comprehensive income	6	663,323	846,780
Investment in associates	7	3,205,621	2,366,995
Property and equipment	9	659,337	870,615
Investment properties	8	86,528	92,585
		<u>4,614,809</u>	<u>4,176,975</u>
Current assets -			
Finished goods		-	220,728
Other debit balances	10	20,285	152,064
Due from related parties	17	5,798	-
Accounts receivable		-	1,843,229
Notes receivable		-	338,013
Cash on hand and at banks		2,335	84,241
		<u>28,418</u>	<u>2,638,275</u>
Total assets		<u>4,643,227</u>	<u>6,815,250</u>
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders equity -			
Paid-in capital	11	1,330,008	1,330,008
Statutory reserve	11	784,554	784,554
Voluntary reserve	11	511,279	511,279
Fair value reserve	6	(877,081)	(670,886)
Retained earnings (Accumulated losses)		1,544,761	(57,899)
Net equity		<u>3,293,521</u>	<u>1,897,056</u>
Liabilities -			
Non-current liability -			
Bank loans	13	387,500	-
Current liabilities -			
Short-term loans	13	433,374	1,516,567
Shareholders deposits		98,102	98,692
Income tax provision	16	18,020	32,375
Accounts payable		-	92,210
Other credit balances	12	244,096	179,892
Other provisions	18	154,181	148,066
Due to related parties		14,433	2,850,392
Total current liabilities		<u>962,206</u>	<u>4,918,194</u>
Total liabilities		<u>1,349,706</u>	<u>4,918,194</u>
Total shareholders' equity & liabilities		<u>4,643,227</u>	<u>6,815,250</u>

The accompanying notes from 1 to 24 represent an integral part of these financial statements and should be read with them.

**PREMIER FOR BUSINESS AND PROJECTS
PUBLIC SHAREHOLDING COMPANY
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 JD	2015 JD
<u>Revenues</u>			
Sales		-	10,170,382
Cost of sales		-	(8,692,679)
Gross profit		-	1,477,703
Gain on selling shares in an associate	7	735,658	-
Gain on selling shares in a subsidiary	15	786,328	-
Dividends from financial assets at fair value through other comprehensive income.		36,001	59,314
Share of profit from the associate	7	540,384	68,843
Other revenues		76,631	52,601
Total Revenues		2,175,002	1,658,461
<u>Expenses</u>			
Administrative expenses	14	(304,082)	(619,113)
Selling and marketing expenses		-	(863,262)
Financing expenses		(87,493)	(157,730)
Other provisions	18	(36,068)	-
Allowances for doubtful accounts		-	(39,118)
Impairment losses of investment properties	8	(6,057)	-
Depreciation	9	(66,455)	(98,025)
Total Expenses		(500,155)	(1,777,248)
Profit (loss) before income tax		1,674,847	(118,787)
Income tax	16	-	(14,354)
Profit (loss) for the year		1,674,847	(133,141)
		Fils/Dinar	Fils/Dinar
Basic and diluted earnings (loss) per share		1/259	(0/100)

The accompanying notes from 1 to 24 represent an integral part of these financial statements and should be read with them.

**PREMIER FOR BUSINESS AND PROJECTS
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>Notes</u>	<u>2016</u> JD	<u>2015</u> JD
Profit (loss) for the year		1,674,847	(133,141)
Add: Other comprehensive income after income tax			
Change in the fair value of reserve	6	(206,195)	(253,885)
(Loss) gain on selling financial assets at fair value through other comprehensive income		(72,187)	5,744
Total other comprehensive income		<u>(278,382)</u>	<u>(248,141)</u>
Total comprehensive income for the year		<u>1,396,465</u>	<u>(381,282)</u>

The accompanying notes from 1 to 24 represent an integral part of these financial statements and should be read with them.

**PREMIER FOR BUSINESS AND PROJECTS
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Reserves				Retained earnings	
	Paid in capital	Statutory	Voluntary	Fair value reserve	(Accumulated losses)	Total
2016 -	JD	JD	JD	JD	JD	JD
Balance at 1 January 2016	1,330,008	784,554	511,279	(670,886)	(57,899)	1,897,056
Profit of the year	-	-	-	-	1,674,847	1,674,847
Other comprehensive income for the year	-	-	-	(206,195)	(72,187)	(278,382)
Total comprehensive income	-	-	-	(206,195)	1,602,660	1,396,465
Balance at 31 December 2016	1,330,008	784,554	511,279	(877,081)	1,544,761	3,293,521
2015-						
Balance at 1 January 2015	1,330,008	784,554	511,279	(417,001)	202,498	2,411,338
Loss of the year	-	-	-	-	(133,141)	(133,141)
Other comprehensive income for the year	-	-	-	(253,885)	5,744	(248,141)
Total comprehensive income	-	-	-	(253,885)	(127,397)	(381,282)
Dividends Distributed	-	-	-	-	(133,000)	(133,000)
Balance at 31 December 2015	1,330,008	784,554	511,279	(670,886)	(57,899)	1,897,056

* An amount of JD 877,081 as of 31 December 2016 is restricted from the retained earnings (2015: JD 670,886), which represents the negative fair value reserve.

* It is prohibited to distribute profits within the limits of the revaluation of investment in associate company in the amount of JD 351,802.

The accompanying notes from 1 to 24 represent an integral part of these financial statements and should be read with them.

**PREMIER FOR BUSINESS AND PROJECTS
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>Notes</u>	<u>2016</u> JD	<u>2015</u> JD
<u>Operating Activities</u>			
Profit (loss) before income tax		<u>1,674,847</u>	<u>(118,787)</u>
Adjustments for -			
Depreciation	9	66,455	98,025
Impairment losses of investment properties		6,057	-
Gain on profit share of the associate	7	(540,384)	(68,843)
Gain on selling shares in a subsidiary	15	(786,328)	-
Gain on selling shares in an associate	7	(735,658)	-
Other provisions	18	36,068	-
Financing costs		87,493	157,730
Allowance for doubtful accounts		-	39,118
Working capital changes:			
Inventory		-	315,450
Accounts receivable		-	(962,964)
Notes receivable		37,355	239,519
Other debit balances		(229)	57,314
Other credit balances		178,845	(106,566)
Unearned revenues		-	(79,168)
Accounts payable		-	(23,706)
Paid from other provisions	19	-	(58,590)
Income tax paid		-	(39,733)
Net cash flows from(used in) operating activities		<u>24,521</u>	<u>(551,201)</u>
<u>Investing Activities</u>			
Proceed from selling shares in an associate		1,287,419	490,000
Proceed from selling shares in a subsidiary		482,723	-
Purchase of property and equipment	9	-	(42,299)
Proceeds from selling financial assets at fair value through other comprehensive income		(411,976)	328,639
Cash generated from disposal of a subsidiary	15	(200,063)	-
Investment in an associate	7	(450,000)	-
Net cash flows from investing activities		<u>708,103</u>	<u>775,340</u>
<u>Financing Activities</u>			
Short-term loans		(305,841)	(265,793)
Due from/to related parties		(420,606)	360,711
Financing costs paid		(87,493)	(157,730)
Dividends paid to shareholders		(590)	(121,715)
Net cash flows used in financing activities		<u>(814,530)</u>	<u>(184,527)</u>
Net (decrease) increase in cash and cash equivalents		(81,906)	39,612
Cash and cash equivalents at the beginning of the year		<u>84,241</u>	<u>44,629</u>
Cash and cash equivalents at the end of the year		<u>2,335</u>	<u>84,241</u>

The accompanying notes from 1 to 24 represent an integral part of these financial statements and should be read with them.

(1) GENERAL

Arab Chemical Detergent Industries Co., Ltd. was established in 1973 and registered as a public shareholding company with a capital of JD 250,000. This was in the form of several amendments to the capital, the last was during 2005 for which the authorized and paid in capital of the company reached JD 1,330,008 at a par value of 1 JD per share.

On the extraordinary general assembly held its meeting on 25 April 2007 approved to change the objectives and the name of the company, to become Premier for Business and Projects public shareholding limited company.

The goals of the company are to invest in companies of all kinds and to buy and sell lands, real estates and movable and immovable property.

The audited financial statements were approved by the board of directors in its meeting (247) held on 28 February 2017, and these financial statements require the approval of the general assembly of shareholders.

(2) BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention except for financial assets at fair value through other comprehensive income at the date of the financial statements.

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

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

BASIS OF CONSOLIDATION

The consolidated financial statements for the year 2015 comprise the assets and liabilities of Premier for Marketing and Distribution private shareholding Company (100% owned). On 1 January 2016, the Company sold 50% of its share in the subsidiary and resulted in losing control (note 15).

(3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2015.

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)

In August 2014, the IASB amended IAS 27 Separate Financial Statements which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

IAS 1 Presentation of Financial Statements – Amendments to IAS 1

The amendments to IAS 1 include narrow-focus improvements related to:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
 - Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

Investment entities (Amendments to IFRS 10 and IAS 28)

The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify that:

- The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortization*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

The implementation of the new amendments did not have impact on the Company's financial position.

(4) USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

(5) SIGNIFICANT ACCOUNTING POLICIES

Financial assets at fair value through other comprehensive income

These are financial assets limited to equity instruments and the management intends to retain those assets in the long term.

These financial assets, when purchased, are recognized at fair value plus attributable acquisition costs and subsequently measured at fair value. The change in fair value of those assets is presented in the statement of comprehensive income within owners' equity, including the change in fair value resulting from the foreign exchange differences of non-monetary assets. In case those assets - or part of them - were sold, the resultant gain or loss is recorded in the comprehensive income statement within owners' equity and the reserve for the sold assets is directly transferred to the retained earnings and not through the statement of income.

Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Company's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Company's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of associates in the income statement.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value except for land.

Depreciation is computed on a straight-line basis over the estimated useful lives of assets at the following annual rates:

<u>Category</u>	<u>Depreciation %</u>
Buildings	4
Leasehold improvements	9
Decorations	9
Furniture	10
Equipment and tools	12
Vehicles	20

When the expected recoverable value is less than the net carrying value, the assets are written down to their recoverable amount, and the impairment is recorded in the statement of other comprehensive income.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Investment properties is stated at cost less accumulated depreciation and any impairment provision. Investment property (except lands) is depreciated using the straight-line method over the useful life of the properties.

Investment properties

Investment properties is stated at cost less accumulated depreciation and any impairment provision. Investment property (except lands) is depreciated using the straight-line method over the useful life of the properties.

Accounts receivable

Accounts receivable are stated at original invoice amount less an allowance for any uncollectible amounts. A provision for doubtful debts is made when there is an objective evidence indicating that the collection of any amount is no longer probable.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, less due to banks.

Loans and borrowings

All loans and borrowings are initially recognized at fair value. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Account payable and accruals

Liabilities are recognized based on the amount to be paid in the future for goods received or services rendered, whether billed or not yet billed by the supplier.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and reliably measured.

Fair value measurement

The closing prices on the date of financial statements in active markets represent the fair value for the current financial instruments.

Revenue and expense recognition

Revenue is recognized to the extent that is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Other income are recognised using the accrued basis of accounting expenses are recognized on an accrual basis.

Foreign currencies

Transactions in foreign currencies during the year are recorded in the functional currency rate prevailing at the date of transaction. Financial assets and liabilities denominated in foreign currency are translated at the functional currency rate of exchange prevailing on the date of the statement of financial position.

Gains or loss resulting from foreign currency transactions are charged to the income statement.

Income taxes

The income tax provision is calculated in accordance with the Income Tax Law No. 34 of 2014 and IAS 12 which requires the recognition of deferred taxes resulting from the differences between the carrying amount of an asset or liability and its tax base.

(6) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2016	2015
	JD	JD
Investments in quoted shares	663,323	846,780

The movement on the fair value reserve is as follows

	2016	2015
	JD	JD
Balance – Beginning of the year	(670,886)	(417,001)
Unrealized losses on financial assets	(278,382)	(248,141)
Gain (loss) on sale of financial assets through other comprehensive income	72,187	(5,744)
Balance – End of the Year	(877,081)	(670,886)

(7) INVESTMENTS IN ASSOCIATES

This item consists of the following:

	Ownership interest		Activity	2016 JD	2015 JD
	31 December 2016	31 December 2015			
Henkel Comany – Jordan	40%	49%	Marketing and distribution	2,302,494	2,366,995
Obeji for consumer products Company (Note 15)	50%	100%	Marketing and distribution	903,127	-
				<u>3,205,621</u>	<u>2,366,995</u>

Henkel Company- Jordan

Statement of financial position

	Henkel Company - Jordan	
	2016 JD	2015 JD
Current assets	7,149,608	5,977,892
Non- current assets	645,989	658,365
Current liabilities	(2,342,494)	(2,528,626)
Net equity	<u>5,453,103</u>	<u>4,107,631</u>
Company's share from net equity	<u>2,181,241</u>	<u>2,012,739</u>
Add: embedded Goodwill	<u>121,253</u>	<u>148,536</u>
Total	<u>2,302,494</u>	<u>2,161,275</u>
Ownership percentage	<u>40%</u>	<u>49%</u>

Statement of comprehensive income

	Henkel Company - Jordan	
	2016 JD	2015 JD
Revenues	12,595,782	8,959,941
Operating expenses	(5,239,446)	(3,785,600)
Administrative expenses	(6,138,193)	(5,170,999)
Profit for the year	<u>1,218,143</u>	<u>3,342</u>
Company's share from the profit in associate	<u>487,257</u>	<u>1,638</u>

Obeji for consumer products - Jordan

Statement of financial positions	Obeji for consumer products - Jordan	
	2016	2015
	JD	JD
Current assets	6,250,949	-
Non- current assets	527,722	-
Current liabilities	(5,676,021)	-
Net equity	<u>1,102,650</u>	<u>-</u>
Company's share from net equity	<u>551,325</u>	<u>-</u>
Ownership percentage	<u>50%</u>	<u>-</u>
Add: embedded Goodwill	<u>351,802</u>	<u>-</u>
Total	<u>903,127</u>	<u>-</u>
	2016	2015
	JD	JD
Statement of comprehensive income		
Revenues	13,901,447	-
Operating expenses	(11,664,271)	-
Administrative expenses	(2,130,922)	-
Profit for the year	<u>106,254</u>	<u>-</u>
Company's share from the profit of the associate	<u>53,127</u>	<u>-</u>

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Movement on investments in an associate is as follows:

	31 December 2016 JD	31 December 2015 JD
Balance at the beginning of the year	2,366,995	2,788,152
Company's share of Henkel Co. profit	487,257	1,638
Company's share of Obeji Co. profit	53,127	-
Impairment loss	-	(30,000)
Contribution in Obeji Co. capital increase***	450,000	-
Gains on purchases from Henkel Co.	-	97,205
Transferred from an investment in a subsidiary (Note 15)*	400,000	-
Selling shares of investment in an associate	(551,758)	-
Received dividends	-	(490,000)
Balance at the end of the year	3,205,621	2,366,995

* This item represents the company's remaining share after losing control over the subsidiary (Premier for Marketing and Distribution) due to the sale of 50% of its share, which was recorded at fair value at the date of sale.

** On 21 April 2016 the Company sold 315,000 shares, equivalent to 9% in Henkel Jordan to Henkel AG & Co, for JD 1,300,000 resulting in a gain of JD 735,658 after direct expenses of JD 12,584.

*** On 27 December 2016 the company contributed in the capital increase of Obeji for consumer products Co, by JD 450,000, while maintaining the same ownership share.

(8) INVESTMENT PROPERTIES

This item represents an investment in land owned by the Company in Al Muwaqar area, section number 820 block number 4 and section number 529 block number 4. According to the real estate valuation, the fair value of these lands amounted to JD 86,528 as at 31 December 2016.

This item consists of the following:

	2016 JD	2015 JD
Balance as at 1 January	92,585	92,585
Impairment loss	(6,057)	-
Balance as at 31 December	86,528	92,585

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(9) Property & Equipment

	Buildings	Vehicles	Leasehold Improvements	Decorations	Furniture	Equipment	Total
2016-	JD	JD	JD	JD	JD	JD	JD
Cost:-							
Balance at 1 January 2016	703,513	149,470	21,218	304,648	112,250	15,944	1,307,043
Disposal of a subsidiary (Note15)	-	(149,470)	(21,218)	-	(5,104)	(15,484)	(191,276)
Balance at 31 December 2016	703,513	-	-	304,648	107,146	460	1,115,767
Accumulated Depreciation:-							
Balance at 1 January 2016	168,844	30,976	3,959	161,071	59,651	11,927	436,428
Depreciation for the year	28,217	-	-	27,494	10,744	-	66,455
Disposal of a subsidiary (Note15)	-	(30,976)	(3,959)	-	(51)	(11,467)	(46,453)
Balance at 31 December 2016	197,061	-	-	188,565	70,344	460	456,430
Net Book Value at							
31 December 2016	506,452	-	-	116,083	36,802	-	659,337

	Buildings	Vehicles	Leasehold Improvements	Decorations	Furniture	Equipment	Total
2015-	JD	JD	JD	JD	JD	JD	JD
Cost:-							
Balance at 1 January 2015	703,513	126,193	5,351	304,648	108,095	15,944	1,263,744
Additions	-	23,277	15,867	-	4,155	-	43,299
Balance at 31 December 2015	703,513	149,470	21,218	304,648	112,250	15,944	1,307,043
Accumulated Depreciation:-							
Balance at 1 January 2015	140,703	9,069	-	133,653	48,937	6,041	338,403
Depreciation for the year	28,141	21,907	3,959	27,418	10,714	5,886	98,025
Balance at 31 December 2015	168,844	30,976	3,959	161,071	59,651	11,927	436,428
Net Book Value							
31 December 2015	534,669	118,494	17,259	143,577	52,599	4,017	870,615

*The Company's buildings are mortgaged against the Jordan Kuwait Bank loan (note 13).

(10) OTHER DEBIT BALANCES

	2016	2015
	JD	JD
Advances to suppliers	-	47,963
Prepaid expenses	5,049	24,149
Refundable deposits	11,385	19,785
Income tax payable	3,158	23,226
Employees receivable	-	36,248
Others	693	693
	20,285	152,064

(11) EQUITY

Paid in capital

The authorized and paid in capital amounted to JD 1,330,008 divided into 1,330,008 shares at a par value of JD 1 per share.

Statutory reserve

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

Voluntary reserve

This reserve represents amounts transferred from the net profit of the year before tax at a rate not exceeding 20% and its available for distribution to shareholders.

(12) OTHER CREDIT BALANCES

	2016	2015
	JD	JD
End of service provision	25,000	27,885
Accrued salaries and incentives	-	39,269
General manager and board of directors remuneration provision	165,000	-
Accrued expenses	45,080	57,223
Sales tax payable	6,969	33,271
Unearned revenues	-	21,150
Other	2,047	1,094
	244,096	179,892

(13) SHORT TERM LOANS

	<u>2016</u>	<u>2015</u>
	JD	JD
Jordan Kuwait Bank loan (1)	820,874	1,105,637
Jordan Kuwait Bank loan (2)	-	389,852
Ahli Bank loan	-	21,078
	<u>820,874</u>	<u>1,516,567</u>

Jordan Kuwait Bank loan (1)

The loan is repayable in quarterly installments of JD 200,000 per installment after having been scheduled several times during the previous years at an interest rate of 9% (2015: 9.75%). The loan was restructured and increased by JD 336,840 to become JD 775,000 in 2016. The loan is repayable after two years and in two installments, the first installment is due on 30 July 2017 and the second on 30 July 2018 with the Chairman personal guarantee and first class mortgage on the Company's offices.

(14) ADMINISTRATIVE EXPENSES

	2016	2015
	JD	JD
Salaries and benefits	60,000	230,893
Employees Incentives and bonuses	-	143,250
Social security contribution	4,125	20,979
Board of directors transportation allowance	21,600	8,568
Board of directors and general manager remunerations	165,000	-
End of service indemnity	2,500	7,270
Professional fees	18,778	28,154
Governmental expenses	16,879	13,030
Stationery and printings	2,111	5,090
Office services	2,862	3,328
Rent	-	62,917
Others	7,216	12,873
Insurance	1,216	1,254
Traveling and accommodation	1,200	17,317
Mail and phone	595	4,156
Medical expenses	-	5,856
Samples expenses	-	1,392
Hospitality	-	5,789
Maintenance	-	1,398
Vehicles rental	-	8,976
Bank charges	-	5,213
Security	-	18,429
Water and electricity	-	9,861
Fuel expenses	-	3,120
	<u>304,082</u>	<u>619,113</u>

(15) SALE OF SHARE IN A SUBSIDIARY

On 15 June 2016, the Company signed an agreement to sell 50% of its shares in the wholly owned subsidiary Premier for Marketing and Distribution Private Shareholding Company as of 1 January 2016 to Obeji for Consumer Products Holding for JD 510,000. As a result of this, the Company lost control of the subsidiary with the ability to have significant influence on its decisions and activities under the shareholders agreement, whereby the management of the Company transfers the control to the buyer for the purpose of preparing the interim financial statements. On 1 January 2016 the Company lost control over the subsidiary and its remaining share in the company was reclassified after being revalued to an investment in an associate in an amount of JD 400,000.

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The table below summarizes the net assets of the subsidiary at the date of disposal (1 January 2016).

	JD
Current assets	
Finished goods	220,728
Other debit balances	132,008
Due from related parties	429,973
Accounts receivable	1,843,229
Notes receivable	300,658
Cash and bank balances	200,063
	<u>3,126,659</u>
Non-current assets	
Property and equipment - Net	144,823
Financial assets at fair value through other comprehensive income	317,051
	<u>461,874</u>
CURRENT LIABILITIES	
Short term loans	389,852
Income tax provision	14,355
Accounts payable	62,257
Accruals and other current liabilities	123,535
Unearned revenues	21,059
Other provisions	29,953
Dues to related parties	2,851,127
	<u>3,492,138</u>
Net assets at disposal date	<u>96,395</u>
<u>GAIN ON SALE</u>	
Selling price of the company's 50% share in the subsidiary	510,000
Legal and consulting fees	(27,277)
Book value of the shares sold	(48,197)
	<u>434,526</u>
<u>Cash generated from the sale of a subsidiary</u>	
Cash at the subsidiary at the date of disposal	<u>(200,063)</u>
Gain from valuation of the remaining share of the investment	
Fair value of the remaining share (note 7)	400,000
Book value of the remaining share	(48,198)
	<u>351,802</u>
<u>Gain on disposal of shares in the subsidiary</u>	
Realized gain	434,526
Revaluation gain	351,802
	<u>786,328</u>

(16) INCOME TAX

Income tax provision was calculated for the year ended 2016 according to Income tax law (34) 2014.

The Company received a final clearance from the Income Tax Department until 2012, the tax declaration were submitted from 2013 to 2016 and have not yet been audited yet.

The movements on the income tax liability is as follows:

	2016 JD	2015 JD
At 1 January	32,375	57,754
Income tax paid	-	(39,733)
Provision of income tax for the year	-	14,354
Disposal of a subsidiary (note 15)	(14,355)	-
At 31 December	18,020	32,375
Income tax rate	20%	20%

(17) RELATED PARTIES TRANSACTION

Related parties represent associated companies, major shareholders, directors and key management personnel and entities controlled or significantly influenced by such parties.

The balances of related parties included in the statement of financial position are as follows:

	2016 JD	2015 JD
Due from related parties:		
Henkel Co. – Jordan (Associate)	732	-
Chairman of board of directors	5,066	-
	5,798	-
	2016 JD	2015 JD
Due from related parties:		
Obeji for Consumer Products – Jordan (Associate)	14,068	-
Obeji for Consumer Products Holding (Associate)	365	-
Henkel Co. - Jordan (Associate)	-	2,850,392
	14,433	2,850,392

	2016	2015
	JD	JD
Financial assets in fair value through other comprehensive income:		
Financial Investments	206,818	646,484
	2016	2015
	JD	JD
Realized gain on selling shares in subsidiaries and associates:		
Realized gain on selling shares in an associate	735,658	-
Realized gain on selling shares in a subsidiary	786,328	-
	1,521,986	-
	2016	2015
	JD	JD
Other revenues:		
Henkel – Jordan rent income	33,075	31,579

Guarantees:

There are personal guarantees provided by the Chairman against the loans to the company.

The following benefits (the salaries, bonuses and incentives) for executive management:

	2016	2015
	JD	JD
General manager and Board of directors remunerations	195,000	271,000

(18) Other provisions

Movement on the provision is as follows:

	<u>2016</u>	<u>2015</u>
	JD	JD
Balance at the beginning of the year	148,066	206,656
Additions during the year	36,068	-
Paid from provision during the year	-	(58,590)
Disposal of a subsidiary	(29,953)	-
Ending balance	<u>154,181</u>	<u>148,066</u>

(19) Proposed dividend distribution

The Board of Directors decided to recommend to the General Assembly on the approval of the distribution of 10% cash dividends and 12% bonus shares for the year ended 31 December 2016.

(20) Contingencies and commitments

The Company has contingent liabilities in the form of a bank guarantee amounting to JD 62,686 as at 31 December 2016 (31 December 2015: JD 62,686).

(21) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of cash on hand and balances at banks, due from related parties, financial assets at fair value through other comprehensive income and some other debit balances. Financial liabilities consist of loans, due to related parties and some other credit balances.

The fair values of financial instruments are not materially different from their carrying values.

(22) RISK MANAGEMENT

Interest rate risk

The Company is exposed to interest rate risk on its interest bearing assets and liabilities (Bank loans).

The following table demonstrates the sensitivity of the statement of profit or loss as of 31 December 2016 and 2015 to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the Company's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

2016-

Currency	Increase in interest rate (Basis points)	Effect on profit before tax JD
JD	50+	(4,104)
Currency	Decrease in interest rate (Basis points)	Effect on profit before tax JD
JD	50-	4,104

2015-

Currency	Increase in interest rate (Basis points)	Effect on profit before tax JD
JD	50+	7,912
Currency	Decrease in interest rate (Basis points)	Effect on profit before tax JD
JD	50-	(7,912)

Share Price Risk

The table below indicates the sensitivity of the fair value reserve of the financial assets through other comprehensive income for possible reasonable changes on the share prices, with keeping all other variables constant:

2016 -

<u>Index</u>	<u>change in index %</u>	<u>Effect on statement of equity JD</u>
Amman Stock Exchange	10	66,332

2015 -

<u>Index</u>	<u>change in index %</u>	<u>Effect on statement of equity JD</u>
Amman Stock Exchange	10	84,816

In the event of an opposite change in the indicator, the effect will remain constant but with an opposite sign.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The company seeks to mitigate the credit risks by maintaining its balances in reputable financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities.

The Company limits its liquidity risk by ensuring funding from shareholders are available.

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The table below summarizes the maturities of the Company's (undiscounted) financial liabilities as at 31 December, based on contractual payment dates and current market interest rates.

31 December 2016	Less than 3 months JD	3 to 12 months JD	More than 12 months JD	Total JD
Other credit balances	54,096	-	-	54,096
Bank loans	-	433,374	424,312	857,686
Due to related parties	-	14,433	-	14,433
Total	54,096	447,807	424,312	926,215

31 December 2015

Accounts payable	91,588	-	-	91,588
Other credit balances	306,808	-	-	306,808
Bank loans	243,656	1,653,059	-	1,896,715
Dues to related parties	-	2,850,392	-	2,850,392
Total	642,052	4,503,451	-	5,145,503

Currency risk

Most of the Company transactions are in Jordanian Dinars and U.S. dollars. The Jordanian Dinar is fixed against the U.S dollar (USD 1.41 for each one Jordanian Dinar). The transactions are not considered to represent significant currency risk

(23) CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains appropriate capital ratios in order to support its business and maximize the owner's equity.

The Company manages its capital structure and makes adjustments in light of changes in business conditions. No changes were made by the company

The underlying items of Capital structuring comprises paid in capital, statutory reserve, voluntary reserve, retained earnings and fair value reserve and is measured at JD 3,293,521 as at 31 December 2016 against JD 1,897,056 as at 31 December 2015.

(24) STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 “Leases” which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The amendments will be effective for annual periods beginning on or after 1 January 2017, with early application permitted. The application of amendments will result in adding limited amount of disclosure information.

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.