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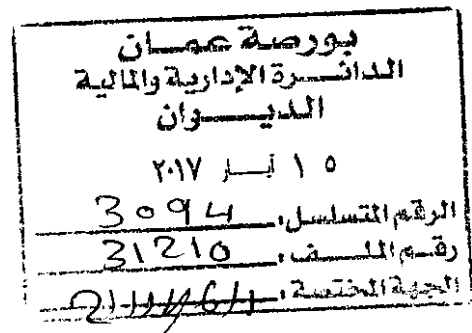
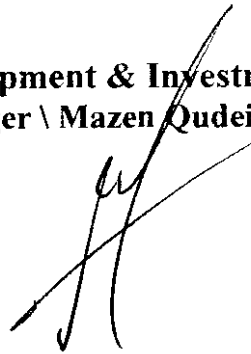
To \ Amman Stock Exchange

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

Attached the Audited Financial Statements of Arab East For Development & Investment (Holding) for the fiscal year ended 31/12/2016 .

Kindly accept our appreciation and respect

Arab East For Development & Investment (Holding)
Financial manager \ Mazen Qudeimat



Arab East for Development and Investments

Public Shareholding Company

Financial Statements as at 31 December 2016

Together With

Independent Auditor's Report

Arab Professionals

(Member firm within Grant Thornton International Ltd)

Arab East for Development and Investments
Public Shareholding Company

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INDEPENDENT AUDITORS' REPORT

To The Shareholders of
Arab East for Development and Investments
Public Shareholding Company
Amman - Jordan

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of Arab East for Development and Investments PLC, which comprise the statement of financial position as at 31 December 2016, statement of profit or loss, 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 the Hashemite Kingdom of 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 year. 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. We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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 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 or to cease operations, or has no realistic alternative but to do so.

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 exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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 reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records and the accompanying financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report, and we recommend the general assembly to approve it.

2 February 2017
Amman - Jordan



Amih Samara
(License No. 481)
Arab Professionals
 **Arab Professionals**
Grant Thornton

**Arab East for Development and Investments
Public Shareholding Company
Statement of Financial Position as at 31 December 2016**

(In Jordanian Dinar)

	Notes	2016	2015
Assets			
Non - Current Assets			
Amounts due from related parties	7	335,310	335,310
Financial assets at fair value through other comprehensive income	3	109,825	127,471
Total Non - Current Assets		<u>445,135</u>	<u>462,781</u>
Current Assets			
Other assets		10,028	10,028
Cash and cash equivalents		4,097	11,593
Total Current Assets		<u>14,125</u>	<u>21,621</u>
Total Assets		<u>459,260</u>	<u>484,402</u>
Equity and Liabilities			
Equity			
Paid - in capital	4	500,000	500,000
Statutory reserve		28,721	28,721
Voluntary reserve		57,442	57,442
Cumulative change in fair value of financial assets		(539,161)	(521,515)
Retained earnings		198,280	205,856
Net Equity		<u>245,282</u>	<u>270,504</u>
Liabilities			
Non - Current Liabilities			
Amounts due to related parties	7	201,949	201,869
Current Liabilities			
Payables and other liabilities		12,029	12,029
Total Liabilities		<u>213,978</u>	<u>213,898</u>
Total Equity and Liabilities		<u>459,260</u>	<u>484,402</u>

"The accompanying notes from (1) to (12) are integral part of these financial statements"

**Arab East for Development and Investments
Public Shareholding Company
Statement of Profit or Loss for the year ended 31 December 2016**

(In Jordanian Dinar)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Dividends income		192	-
Administrative expenses	5	<u>(7,768)</u>	<u>(7,777)</u>
Loss for the year		<u>(7,576)</u>	<u>(7,777)</u>
Basic and diluted losses per share	6	<u>(0.015)</u>	<u>(0.016)</u>

"The accompanying notes from (1) to (12) are integral part of these financial statements"

Arab East for Development and Investments
Public Shareholding Company
Statement of Comprehensive Income for the year ended 31 December 2016

(In Jordanian Dinar)

	<u>2016</u>	<u>2015</u>
Loss for the year	(7,576)	(7,777)
Other comprehensive income:		
Changes in fair value of financial assets through other comprehensive income	<u>(17,646)</u>	<u>(23,217)</u>
Total comprehensive loss for the year	<u>(25,222)</u>	<u>(30,994)</u>

"The accompanying notes from (1) to (12) are integral part of these financial statements"

Arab East for Development and Investments
Public Shareholding Company
Statement of Changes in Equity for the Year Ended 31 December 2016

(In Jordanian Dinar)

	Paid - in capital	Reserves		Fair value adjustments	Retained Earnings	Net Equity
		Statutory	Voluntary			
Balance at 1 January 2016	500,000	28,721	57,442	(521,515)	205,856	270,504
Total comprehensive loss for the year	-	-	-	(17,646)	(7,576)	(25,222)
Balance at 31 December 2016	500,000	28,721	57,442	(539,161)	198,280	245,282
Balance at 1 January 2015	500,000	28,721	57,442	(498,298)	213,633	301,498
Total comprehensive loss for the year	-	-	-	(23,217)	(7,777)	(30,994)
Balance at 31 December 2015	500,000	28,721	57,442	(521,515)	205,856	270,504

"The accompanying notes from (1) to (12) are integral part of these financial statements"

**Arab East for Development and Investments
Public Shareholding Company
Statement of Cash Flows for the year ended 31 December 2016**

(In Jordanian Dinar)

	<u>2016</u>	<u>2015</u>
Operating Activities		
Loss for the year	(7,576)	(7,777)
Changes in Working Capital		
Payables and other liabilities	-	(580)
Net cash flows used in operating activities	<u>(7,576)</u>	<u>(8,357)</u>
Investing activities		
Financial assets at fair value through other comprehensive income	-	1,600
Financing activities		
Amounts due to related parties	80	10,373
Changes in cash and cash equivalents	(7,496)	3,616
Cash and cash equivalents, beginning of year	<u>11,593</u>	<u>7,977</u>
Cash and cash equivalents, end of year	<u>4,097</u>	<u>11,593</u>

"The accompanying notes from (1) to (12) are integral part of these financial statements"

**Arab East for Development and Investments
Public Shareholding Company
Notes to the Financial Statements
31 December 2016**

(In Jordanian Dinar)

1. General

Arab East for Development and Investments Company PLC. was established on 13 June 2001 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (343) in the Hashemite Kingdom of Jordan. The company's main objective is managing its subsidiaries and investing in stocks and bonds.

The accompanying financial statements are consolidated with the parent's company financial statements (Arab East Investments Company PLC) which owns (80%) of the Company's shares.

The accompanying financial statements were authorized for issue by the company's Board of Directors in their meeting held on 2 February 2017 and it is subject to the General assembly approval.

2. Summary of significant accounting policies

Basis of preparation

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

The financial statements have been prepared on historical cost basis except for financial assets which have been measured at fair value.

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

The accounting policies are consistent with those used in the previous year.

Adoption of new and revised IFRS standards

The following standards have been published that are mandatory for accounting periods after 31 December 2016. Management anticipates that the adoption of new and revised Standards will have no material impact on the financial statements of the company.

<u>Standard No.</u>	<u>Title of Standards</u>	<u>Effective Date</u>
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments)	1 January 2017
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

Use of Estimates

Preparation of the financial statements and the application of accounting policies require the company's management to estimate and assess some items affecting financial assets and liabilities and to disclose contingent liabilities. These estimates and assumptions also affect certain elements of the company's assets, liabilities and provisions, and revenue and expenses, and require estimating and assessing the amounts and timing of future cash flows. The mentioned estimates and assumptions are based on multiple factors with varying degrees of assessment and uncertainty. Moreover, the actual results may differ from the estimates due to the changes resulting from the conditions and circumstances of those estimates in the future.

Management believes that the estimates are reasonable and are as follows:

- Management reviews periodically its financial assets, which presented at cost to estimate any impairment in its value, and an impairment of loss (if founded) is accrued in the statement of profit or loss.

Financial Assets at Fair Value through Other Comprehensive Income

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.

Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. Gain or Loss from the sale of these investments should be recognized in the statement of comprehensive income and within owner's equity, and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings and not to the statement of profit or loss.

These assets are not subject to impairment testing.

Dividends are recorded in the statement of profit or loss on a separate line item.

Trading and Settlement Date Accounting

Purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits its self to purchase or sell the asset.

Fair Value

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

Accounts Receivable

Accounts receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short- term highly liquid investments.

Accounts Payables and Accruals

Accounts payable and accrued payments are recognized upon receiving goods or performance of services.

Provisions

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

Offsetting

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

Revenue Recognition

Interest income is recognized on time proportion basis that reflects the effective yield on the assets.

Other revenues are recognized on the accrual basis.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the statement of profit or loss.

Income Tax

Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.

3. Financial Assets at Fair Value Through Other Comprehensive Income

	2016	2015
Investment in quoted companies shares (in Jordan)	109,429	127,075
Investment in unquoted companies shares (in Jordan)	396	396
	<u>109,825</u>	<u>127,471</u>

4. Equity

Paid - in capital

The company's authorized, subscribed and paid in capital is JOD (500) thousand divided equally into (500) thousand share with par value of JOD (1) per share at 31 December 2016 and 2015.

Statutory Reserve

The accumulated amounts in this account represent 10% of the company's net income before income tax according to the Companies Law. This reserve is not available for distribution to shareholders.

Voluntary Reserve

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of net income. This reserve is available for distribution to shareholders.

Arab East for Development and Investments PLC
Notes to the Financial Statements
31 December 2016

5. Administrative Expenses

	2016	2015
Professional fees	4,560	4,560
Governmental fees	2,282	2,322
Companies Controller fees	600	600
General Assembly expenses	302	270
Miscellaneous	24	25
	<u>7,768</u>	<u>7,777</u>

6. Basic and Diluted Losses per Share

	2016	2015
Loss for the year	(7,576)	(7,777)
Weighted average number of shares	500,000	500,000
	<u>(0.015)</u>	<u>(0.016)</u>

7. Related Party Transactions

The company had the following transactions with related parties during the year:

Party	Relationship Nature	Transaction Volume	Transaction Nature	Balance at year end	
				Debit	Credit
Jannah for Investments LLC	Sister company	-	Financing	335,310	-
Arab East Investments PLC	Parent company	80	Financing	-	161,949
AL Mamouneyya for Investments and Trading LLC	Shareholder	-	Financing	-	40,000
				<u>335,310</u>	<u>201,949</u>

8. Segments Reporting

The company's main operation is investing in securities inside the Hashemite Kingdom of Jordan.

9. Tax Status

- The company has settled its tax liability with Income Tax Department up to the year ended 2014.
- The income tax returns for the years 2013 and 2015 has been filed with the Income Tax Department but the department has not reviewed the company's records till the date of this report.
- No income tax provision have been taken on the company's results of operations for the year 2016 as the company's expenses exceeded it's taxable revenues.

10. Contingent Liabilities

The company is contingently liable against letters guarantees amounting to JOD (10,000), where its cash guarantees amounted to JOD (10,000).

11. Financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the company include cash and cash equivalents, receivables and securities. Financial liabilities of the company include payables and other liabilities.

Fair Value

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observe ability of significant inputs to the measurement, 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 or indirectly.
- Level 3: unobservable inputs for the asset or liability.

2016	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	109,429	-	396	109,825
2015	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	127,075	-	396	127,471

Financial assets included in level 3 are stated at cost less impairment charges, as the fair value of these assets cannot be measured reliably due to the lack of available active markets for identical assets.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the company's income or the value of its holdings of financial instruments. As most of the company's financial instruments have fixed interest rate and carried at amortized cost, the sensitivity of the company's results or equity to movements in interest rates is not considered significant.

Credit Risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the company. The company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

Currency Risk

The management considers that the company is not exposed to significant currency risk. The majority of their transactions and balances are in either Jordanian Dinar or US Dollar. As the Jordanian Dinar is pegged to the US Dollar, balances in US Dollar are not considered to represent significant currency risk and the company's results or equity to movements in exchange rates is not considered significant.

Equity Price Risk

Equity price risk results from the change in the fair value of equity securities. The company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the comprehensive income for the year 2016 would have been reduced / increased by JOD (10,943) (2015: JOD 12,708).

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its net financial obligation. In this respect, the company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, and cash equivalents and quoted securities.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the financial position date to the contractual maturity date.

2016	Less than one year	More than one year	Total
Amounts due to related parties	-	201,949	201,949
Payables and other liabilities	12,029	-	12,029
	<u>12,029</u>	<u>201,949</u>	<u>213,978</u>
2015	Less than one year	More than one year	Total
Amounts due to related parties	-	201,869	201,869
Payables and other liabilities	12,029	-	12,029
	<u>12,029</u>	<u>201,869</u>	<u>213,898</u>

12. Capital Management

The company manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders by keeping a balance between shareholders equity and total debt.