

الشركة العربية للمشاريع الاستثمارية

أ. ب. محمد حسن
المدير العام
١٥/٥/٢٠١٧

رقم 15/هيئة / 2017

التاريخ :- 2017/5/15

السادة / هيئة الأوراق المالية المحترمين

تحية طيبة وبعد :-

نرفق لكم البيانات المالية للشركة العربية للمشاريع الاستثمارية للفترة المنتهية في 31 كانون الأول 2016 ، باللغة الانجليزية .

واقبلو فائق الاحترام والتقدير

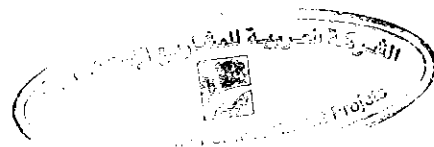
الشركة العربية للمشاريع الاستثمارية

المدير العام

حسن محمد الخطيب

١٥

هيئة الأوراق المالية
الهيئة العامة للغذاء والدواء
١٥
٢٠١٧
الرقم التسلسلي
١٩٨٩١
الجهة المختصة
١٤٤٣



الشركة العربية للمشاريع الإستثمارية
AL-Arabia for Investment Projects Company



Date:-15/5/2017

TO : Jordan Securities Commission

**Subject : Audited Financial Statements for the fiscal
Year ended 31/ 12/ 2016.**

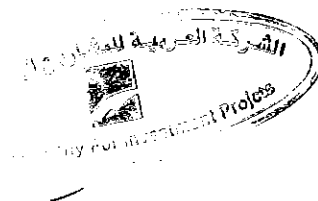
**Attached the Audited Financial Statements of
AL-Arabia for Investment Projects Company for
the fiscal year ended 31/ 12/ 2016**

Kindly accept our high appreciation and respect

AL-Arabia for Investment Projects Company

General Managers

Hasan Khateeb



AL-ARABIYA FOR INVESTMENT PROJECTS COMPANY
PUBLIC SHAREHOLDING COMPANY
AMMAN-THE HASHEMITE KINGDOM OF JORDAN

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

AL-ARABIYA FOR INVESTMENT PROJECTS COMPANY
PUBLIC SHAREHOLDING COMPANY
AMMAN-THE HASHEMITE KINGDOM OF JORDAN

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Independent Auditors' Report

To the Shareholders of

AL-ARABIYA FOR INVESTMENT PROJECTS COMPANY

Public Shareholding Company

AMMAN-THE HASHEMITE KINGDOM OF JORDAN

Report on the Audit of the consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of AL-ARABIYA FOR INVESTMENT PROJECTS COMPANY, which comprise the consolidated statement of financial position as at December 31,2016, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion except for the effects of the matter described in the Basis for Qualified opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31,2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)

Basis for Qualified Opinion

- As shown on note (7) we are not aware of the last news with the Aqapa Economic Authority about lands receivable balance and the prior lawyer receivable balance amounted to (JD 1,837,137/-)and if it is collectable or not as of 31.12.2016, also no provision was taken for the cases related to this amount.
- We didn't receive direct conformation from the lawyer about the lobar cases for or a gianset the company and any reservation related to it.

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

Material Uncertainty about going Concern

Without amendment we would like to have your attention to the second point on explanatory note about selling apart of subsidiary company assets, and that the current liabilities exceed the current assets, also the company suffered of liquidity shortage. So with what mentioned on the qualified opinion all this circumstances and events referred to a material uncertainty about going concern.

Explanatory notes

- Without amendment and according to the General assembly meeting dated 23.4.2016, and according to the Industry and trade ministry approval no S/1/21/42875 dated 26.6.2016 the company's capital decreased from (JD 10 million) to (JD 3,551,982/-) with the accumulated losses amounted to (JD 6,448,018/-).
- According to the Board decision No.(05/2016) dated 21/12/2016 the depreciation of equipment for subsidiary company decreased from 8% to 2% which equal (JD 69,705/-) because they are not used, and the assets of this subsidiary company (lands, Building and Hangars) were offered to sale.
- The last registration voucher for the land of Al Humeer Hills (subsidiary company) with the name of the company is on year 2008.

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 consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

Key Audit Matters

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

[Description of key audit matter Annex No.(1)]



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

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

In preparing the consolidated 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.

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

Auditors' Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

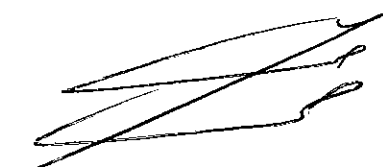
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 books of accounts and the audited consolidated financial statements are in agreement with the records of the company, and we recommend the General A simply to approve it.

Professional Controllers



Jamal Hammoudeh (JCPA, ACPA)



(License #478)

Amman 25, January 2017



Annex no (1)

The following annex represent some key audit matter

1- Valuation of trade receivables and lands receivables

- Description of the key audit matter

The company has significant trade receivables with customers amounting to (JD 1,079,535/-) at (31.12.2016). A provision was recognised against this amount during the year of (JD 1,063,431/-) leaving a new carrying value of (JD 16,104/-). Also the company have cases raised against Aqaba receivables and prior lawyer receivables ammonted of (JD 1,837,137/-) and, therefore, there is a risk over the recoverability of these balances.

- How the matter was addressed in our audit

Our audit procedures included testing the company's controls over the receivables collection processes; testing the receipt of cash after the year end; and testing the adequacy of the company's provisions against trade receivables by assessing the Directors' assumptions, taking account of externally available data on trade credit exposures and our own knowledge of recent bad debt experience in this industry. We have also considered the adequacy of the company's disclosures about the degree of estimation involved in arriving at the provision. We found that the quantum of provision recognised and the related disclosures were appropriate, except the Aqaba receivables and the prior lawyer receivables that no provision were taken for them as mentioned on our qualified opinion.

2- Real state under development

- Description of the key audit matter

This item amounted to (JD 6,381,832/-) related to Al Humeer Hills suspended project. This matter need a settlement with the project partner of Al Humeer Hills (subsidiary company) and there is negotiation between partners to stettell this project.

How the matter was addressed in our audit

The company now make negotiations with the partner of Al Humeer Hills Company (subsidiary company) to settlement or sell the project. The cost of this project represent of land which equal 84% of this cost and the rest is development cost, we did not aware of the last news related to this matter.



AL-ARABIYA FOR INVESTMENT PROJECTS COMPANY
PUBLIC SHAREHOLDING COMPANY
AMMAN-THE HASHEMITE KINGDOM OF JORDAN

EXHIBIT-A

CONSOLIDATED FINANCIAL POSITION STATEMENT AS OF DECEMBER 31, 2016

	Notes	2016	2015
		JD	JD
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	3,971	6,189
Net Accounts receivables	4	16,104	15,170
Guarantees Deposit		63,600	63,600
Other debit balances	5	137,150	153,413
Inventories	6	150,971	187,995
Receivables of lands payments	7	923,170	923,170
Accounts receivables	7	913,967	913,967
Investment for trading	8	-	48,443
TOTAL CURRENT ASSETS		2,208,933	2,311,947
NON CURRENT ASSETS			
Property and equipment	9	790,354	826,930
Real Estate under Development	10	6,381,832	6,381,832
TOTAL		7,172,186	7,208,762
TOTAL ASSETS		9,381,119	9,520,709

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

AL-ARABIYA FOR INVESTMENT PROJECTS COMPANY
PUBLIC SHAREHOLDING COMPANY
AMMAN-THE HASHEMITE KINGDOM OF JORDAN

EXHIBIT-A

CONSOLIDATED FINANCIAL POSITION STATEMENT AS OF DECEMBER 31, 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		<u>JD</u>	<u>JD</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Other credit balances	11	738,385	733,704
Accounts Payable		259,882	231,358
Deferred checks, Note payable		134,984	173,225
Related party accounts	12	323,524	323,524
Receipts on sold real estates under Development		411,674	411,674
Total Current Liabilities		<u>1,868,449</u>	<u>1,873,485</u>
NON CURRENT LIABILITIES			
Long term loan - related party	13	3,280,000	3,280,000
Total		<u>3,280,000</u>	<u>3,280,000</u>
TOTAL LIABILITIES		<u>5,148,449</u>	<u>5,153,485</u>
SHAREHOLDER EQUITY			
Paid Capital	14	3,551,982	10,000,000
Legal Reserve		124,537	124,537
Accumulated Loss - Exhibit C		(172,883)	(6,448,018)
Change in fair value of investments		-	(38,412)
Total Shareholder Equity company		<u>3,503,636</u>	<u>3,638,107</u>
Monitory rights	15	729,034	729,117
Total Shareholder Equity		<u>4,232,670</u>	<u>4,367,224</u>
TOTAL LIABILITIES AND EQUITY		<u>9,381,119</u>	<u>9,520,709</u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
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AL-ARABIYA FOR INVESTMENT PROJECTS COMPANY
PUBLIC SHAREHOLDING COMPANY
AMMAN-THE HASHEMITE KINGDOM OF JORDAN

EXHIBIT-B

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		<u>JD</u>	<u>JD</u>
Net Sales	16	60,079	54,056
Cost of sales	17	(95,666)	(176,308)
Gross Profit (loss)		(35,587)	(122,252)
Selling and Distribution Expenses	18	(7,901)	(35,565)
Administrative Expenses	19	(108,041)	(151,175)
Financing Expenses		(8,815)	(12,996)
Revenues of sold assets		24,034	-
Other Income (Expenses)	20	431	(7,663)
Loss of changes of fair value investment		(37,087)	-
Income and loss for the year		(172,966)	(329,651)
 And refers to :			
Company Shareholders		(172,883)	(328,409)
Monitory rights		(83)	(1,242)
TOTAL		(172,966)	(329,651)
 Earning per Share	21	(0,048)	(0,032)

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

AL-ARABIYA FOR INVESTMENT PROJECTS COMPANY
PUBLIC SHAREHOLDING COMPANY
AMMAN-THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016							EXHIBIT-C
	CAPITAL	ACCUMULATED	LEGAL	TOTAL	MONITORY	CHANGE IN	
	JD	LOSSES	RESERVE	SHEREHOLDER	RIGHTS	FAIR VALUE	
		JD	JD	EQUITY	JD	OF	TOTAL
				COMPANY		NVESTMENTS	JD
Balance as of January 1, 2015	10,000,000	124,537	(6,119,609)	4,004,928	730,359	(30,843)	4,704,444
Profit (loss) for the year	-	-	(328,409)	(328,409)	(1,242)	-	(329,651)
- Exhibit B							
Change in fair value of investments	-	-	-	-	-	(7,569)	(7,569)
Balance as of December 31, 2015	10,000,000	124,537	(6,448,018)	3,676,519	729,117	(38,412)	4,367,224
- Exhibit A							
Profit (Loss) for the year	-	-	(135,796)	(135,796)	(83)	-	(135,879)
- Exhibit B							
Change in fair value of investments	-	-	-	-	-	1,325	1,325
Closing the accumulated losses on capital	(6,448,018)	-	6,448,018	-	-	-	-
Closing of change in fair value	-	-	(37,087)	(37,087)	-	37,087	-
Balance as of December 31, 2016	3,551,982	124,537	(172,883)	3,503,636	729,034	-	4,232,670
- Exhibit A							

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF
THESE FINANCIAL STATEMENTS

AL-ARABIYA FOR INVESTMENT PROJECTS COMPANY
PUBLIC SHAREHOLDING COMPANY
AMMAN-THE HASHEMITE KINGDOM OF JORDAN

EXHIBIT-D

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	JD	JD
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Loss for the year	(172,966)	(329,651)
Depreciation	33,961	107,687
<u>Changes in Capital items</u>		
Accounts receivable	(934)	7,056
Goods	37,024	18,795
Other credit balances and insurance	16,263	29,865
Accounts payable	28,524	4,515
Other accounts payable	4,681	(13,320)
Net cash from operating activities	(53,447)	(175,053)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investments in shares	86,855	30,799
Sell (buy) property and equipment	2,615	(339)
Net cash from investing activities	89,470	30,460
<u>CASH FLOWS FROM FINANCIAL ACTIVITIES</u>		
Related party accounts	-	-
Defferd checks, notes payable	(38,241)	(51,327)
Net cash uses to from financing activities	(38,241)	(51,327)
Net change in cash account to(loss) / increase	(2,218)	(195,920)
Cash and equivalents - beginning of the year	6,189	202,109
Cash and cash equivalents - end of the year - Exhibit A	3,971	6,189

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

AL-ARABIYA FOR INVESTMENT PROJECTS COMPANY
PUBLIC SHAREHOLDING COMPANY
AMMAN-THE HASHEMITE KINGDOM OF JORDAN

NOTES TO THE FINANCIAL STATEMENTS

1. LEGAL STATUS AND ACTIVITIES

- AL-ARABIYA FOR INVESTMENT PROJECTS COMPANY ("The Company") is Jordan public shareholding company registered on July 5,1978 to the ministry of industry and trade under the provision of the Companies law of Jordan under No. (121).
- The main activity of the Company is to invest in various economic fields of industrial, commercial, agricultural and tourism and real estate and other, and by establishing of investment projects or participating in, owning or establishing by the contribution and investment in stocks and bonds and current securities in Amman Stock Exchange and global markets which not incompatible with laws and regulations.
- The Financial Statements are signed by the Board of Directors on their second resolution, Decision No (1/2017) Dated 25,2,2017 .

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with the International Financial Reporting Standards and the related Interpretations issued by the International Financial Reporting Interpretations Committee, and the following is a summary of the significant policies applied:

2/1- Basis of measurement

- The financial statements are prepared according to the base of historical cost.
- These financial statements, were presented in Jordanian Dinar as the majority of transaction the Company recorded the Jordanian Dinar.

- Basis of financial statements consolidation

The consolidated financial statements included the parent company statement and the financial statements for the subsidiary companies controlled by the parent company, any transaction between the parent company and the subsidiaries were excluded, the date he financial statements for the subsidiaries is the same date of parent company also the accounting polices, the monitory rights represent the part that, the Group didn't owned.

The following is statement of subsidiary companies that were consolidated with the company on December 31, 2016 :

<u>Company Name</u>	<u>Capital</u>	<u>Place of Registration</u>	<u>Percentage of Equity and Votes</u>	<u>Main Activity</u>
	JD			
Amaar Properties company	100,000/-	Jordan	90%	Establishing the residential and tourism projects.
Arab Paper Converting Trading Co.	30,000/-	Jordan	100%	Trade and manufacturing row papers.
Palm Hills for real state Tourism projects company	100,000/-	Jordan	90%	Build the residential project and establishment the hotel apartment and hotels and tourism projects.
Al Hummar Hills for residential and tourism projects	200,000/-	Jordan	45%	Build the residential unities and owned real estate.
New Dimension for constructional Installations company	15,000/-	Jordan	90%	Trade constructional material and trade agency.

The investment in subsidiary company (Al Hummar Hills Company) above is directly owned with a percentage of 50% by Amaar Properties Company L.T.D, because the parent company controlled this company it consolidated with the parent company.

- Using estimation

Preparing the consolidated financial statement according to the accepted accounting principles requires the use of estimations and assumptions which influence on the value of assets and liabilities and their enclosed notes on the consolidated financial statements date, in addition to the revenues and expenses amounts during that period, despite these estimations which built in the best information and the current events which available for management, the actual final results could be changed from these estimations.

2/2- Cash and cash equivalents

For the purpose of preparing the cash flow statement, "cash and cash equivalents" represents cash in hand, current accounts .

2/3- Impairment provision for accounts receivable.

Impairment provision of accounts Receivable was taken when management has doute to collect them.

2/4- Foreign currency evaluation

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

2/5- Property and equipment

Property and equipment are recorded at net book value after deducting - except for land - accumulated depreciation and any impairment in value.

The company uses the straight - line method of depreciating its property and equipment over estimated useful lives at the following annual rates:

Buildings	2%
Machines and equipment	2% (8% 2015)
Computer and system	15-20%
Vehicles	10-15%
Furniture	9-25 %
Tools	9-20%

If any of the property and equipment is disposed of, the net book value for the disposed asset on the date of disposition is omitted from the company's records, and the result, whether income or loss, is posted to the statement of income.

2/6- Real estate investments

Measurement of investment in purchased lands to establish of investment projects when it acquired at cost, the cost includes purchase price plus all expenditures in order to acquire these lands.

2/7- Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined, on a first-in-first-out cost basis and includes cost of purchases, fund and other costs incurred in order to get into warehouse. Raw material, work in process, spare parts and other inventories are stated at cost which is determined by using weighted average cost .

2/8- Revenues recognition

- Revenues of sold real stat recorded when the operation completed and the benefits and risks converted to buyer.
- Revenues of interest recognize on time basis that the effective retune on the assets can be made.
- Revenues of investment profit recognize when approved from the general assembly.
- Other revenues recognize on accrual basis.

2/9- The borrowing cost

The interest of borrowing cost recorded on the income statement on the year occurred but the interest related to projects under construction capitalized on the project cost.

2/10- The provisions

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

The provision had been measured according the best expectations of the alternative to meet the obligation as of the balance sheet date after considering the risks and not assured matters about the obligation.

2/11- Income tax

The Company is subject to the regulations of income tax department in Jordan; income tax is provided on an accrual basis, income tax is computed on adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

2/12- Financial instruments

Financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The company's financial instruments principally comprise of cash and bank balances, accounts receivable and payable, investments and loans.

3. CASH AND CASH EQUIVALENTS

This item consists of the following:

	2016	2015
	JD	JD
Cash	500	1,356
Banks Accounts	3,471	4,833
Total	3,971	6,189

4. ACCOUNTS RECEIVABLE

This item consists of the following:

	2016	2015
	JD	JD
Accounts Receivable	1,079,535	1,078,601
Less :		
Provision impairment for Accounts Receivable	(1,063,431)	(1,063,431)
Total	16,104	15,170

*Following the movement for the impairment prevision :

	2016	2015
	JD	JD
beginning balance of the year	1,063,431	1,063,431
Ending Balance of the year	1,063,431	1,063,431

Following the maturity of the receivables after provision :

	2016	2015
	JD	JD
Receivables under one year	5,790	8,542
Receivables more than one year	10,314	6,628
Total	16,104	15,170

5. OTHER DEBIT BALANCES

This item consists of the following:

	<u>2016</u>	<u>2015</u>
	<u>JD</u>	<u>JD</u>
Guarantees Deposits	42,847	51,594
Refundable Deposits	12,837	12,837
Sales Tax Deposits	8,677	14,669
Employees Receivable	4,754	5,698
Prepaid Expenses	799	1,022
Accounts Receivable	67,000	67,000
Other	236	593
Total	<u>137,150</u>	<u>153,413</u>

6. INVENTORIES

This item consists of the following:

	<u>2016</u>	<u>2015</u>
	<u>JD</u>	<u>JD</u>
Raw materials	103,357	130,454
Goods under process	715	-
Finished goods	12,846	22,941
Spare parts	134,053	134,600
Total	<u>250,971</u>	<u>287,995</u>
Slow moving goods provision	(100,000)	(100,000)
Total	<u>150,971</u>	<u>187,995</u>

7. RECEIVABLE OF LANDS PAYMENTS

a) This item consists of the following:

	2016	2015
	JD	JD
Aqaba Authority	923,170	923,170
Prior lawyer	913,967	913,967
Total	1,837,137	1,837,137

b) The land agreement with Aqaba Authority deleted on 2010 from Aqaba Authority, and the grantee was confiscated and recorded as losses on 2010. Aqaba Authority request the company (JD 1,5 Million) related to the difference of price of the land area.

The company throw the cases against the Authority collect (JD 2,528,873/-) on 2013 from the original amount (JD 4,366,010/-), According to the company's lawyer the company raised a case against Aqaba Authority amounted to (JD 3 Million) and other case no 3601/2015 against the prior lawyer with the amount (JD 913,967/-) those cases still on cort.

8. TRADING INVESTMENTS

a) This item consists of the following:

	2016	2015
	JD	JD
Trading Investments	48,443	86,811
Sold of Trading investments	(48,443)	-
Changes of fair value .	-	(38,368)
Total	-	48,443

b) The portfolio investment were sold this year.

9. PROPERTY AND EQUIPMENT

A) Property and equipment are shown at the balance sheet date as follows:

Cost	Lands	Buildings	Equipment and Machines		Vehicles	Furniture		OTHER	Total
			JD	JD		JD	JD		
As of January 1, 2016	365,370	198,197	1,367,529		119,840	310,738	15,760		2,377,434
Additions during the year	-	-	-		-	-	-		-
Disposals during the year	-	-	(20,244)		(22,582)	-	-		(42,826)
As of December 31, 2016	365,370	198,197	1,347,285		97,258	310,738	15,760		2,334,608
Accumulated Depreciation									
As of January 1, 2016	-	(43,603)	(1,081,254)		(117,495)	(292,936)	(15,216)		(1,550,504)
Depreciation for the year	-	(3,964)	(23,235)		(419)	(5,972)	(371)		(33,961)
Disposals during the year	-	-	18,379		21,832	-	-		40,211
As of December 31, 2016	-	(47,567)	(1,086,110)		(96,082)	(298,908)	(15,587)		(1,544,254)

Net book value

As of December 31, 2016 exhibit A	365,370	150,630	261,175		1,176	11,830	173		790,354
As of December 31, 2015 exhibit A	365,370	154,594	286,275		2,345	17,802	544		826,930

B) The land No.916 Henw Al Kasar is mortgage for Jordan Investment Bank, Arab Egyptian Bank, Social security corporation and Income Tax Department.

10. REAL ESTATE UNDER DEVELOPMENT

This item consists of the following:

	2016	2015
	JD	JD
Al Humeer Hills project	6,381,832	6,381,832
Total	6,381,832	6,381,832

11. OTHER CRILIT BALANCES

This item consists of the following:

	2016	2015
	JD	JD
Provision for investment impairment on subsidiary company	646,665	646,665
Accrued expenses	47,682	46,553
Social Security Deposits	4,031	970
Employees Receivables	28,526	30,978
Provision for employee vacations	6,681	4,938
Provision for end of service benefits	4,800	3,600
Total	738,385	733,704

12. TRANSACTIONS WITH RELATED PARTY ACCOUNTS

This item consists of the following:

	2016	2015
	JD	JD
Sir.Saleah Bn Naseer Al Sareha	9,985	9,985
Amar and Awad Hijaze	318,303	318,303
Humeer Hills Receivables	(4,764)	(4,764)
Total	323,524	323,524

13. LOAN FROM RELATED PARTY

This item represent the amountd lone from Triple column company to the Al Humeer Hills company (subsidiary company).

14. SHAREHOLDER EQUITY

- Capital

According to the General assembly meeting dated 23.4.2016, and according to the Industry and trade ministry approval no S/1/21/42875 dated 26.6.2016 the company's capital decreased from (JD 10 million) to (JD 3,551,982/-) with the accumulated losses amounted to (JD 6,448,018/-).

- LEGAL RESERVE

This item represents the accumulated amounts converted from the annual profits with the rate of 10% according to the companies law, this amount must not be distributed to the shareholders.

15. MONITORY RIGHTS

This item represents the part which is not owned from the Group on the subsidiary companies. And it appeared on the comprehensive income and financial position as a separate item.

16. SALES / SECTORAL DISTRIBUTION

This item consists of the following:

	2016	2015
	JD	JD
Local sales	20,096	12,930
Sales of manufacturing wages	39,983	41,126
Total	60,079	54,056

17. COST OF SALES

This item consists of the following

	2016	2015
	JD	JD
Materials used in production	7,093	10,109
Salaries, wages and affiliated	18,210	40,302
Depreciation	28,122	101,225
Maintenance and spare parts	3,779	1,553
Electricity and water	2,436	5,673
Transportation	1,378	1,860
Printing and editing expenses	9	-
Medical treatments	28	260
Insurance expenses	1,185	1,597
Printing expenses	51	225
Miscellaneous	1,390	1,985
Cost of trade paper and printing	31,985	11,519
Total	95,666	176,308

18. SELLING AND DISTRIBUTION EXPENSES

This item consists of the following

	2016	2015
	JD	JD
Salaries, wages and affiliated	5,187	21,134
freight expenses	1,878	11,147
Tenders expenses	-	69
Guaranteed expenses	-	1,265
Electricity, water and Fuels	-	95
Depreciation	348	1,253
Postage , telephone and internet	-	46
Customs fees	-	43
Miscellaneous	488	513
Total	7,901	35,565

19. GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2016	2015
	JD	JD
Salaries, wages and Allowances	48,077	52,155
Vacation expenses	1,273	1,080
Professional fees	14,250	12,349
Subscriptions to associations	12,796	11,733
Electricity, water and Fuels	2,646	2,605
Postage , telephone and internet	1,232	983
Insurance	387	1,078
Travel and transfers	-	85
Depreciation	5,491	5,702
Indemnity provision	1,200	1,200
Customs penalty	520	781
Maintenance	962	1,472
Security expenses	7,800	7,800
Bank expenses	388	63
Car expenses	172	493
Legal expenses	8,012	47,769
Stationery	638	566
Advertisement	955	855
Other	1,242	2,406
Total	108,041	151,175

20. OTHER INCOME (EXPENSES)

This item consists of the following:

	2016	2015
	JD	JD
Income tax for previous years	-	(10,585)
Other	431	2,922
Total	431	(7,663)

21. EARNING PER SHARE

This item consists of the following

	2016	2015
	JD	JD
Loss for the year	(172,883)	(328,409)
Weighted average of shares	3,551,982	10,000,000
Total	<u>(0,048)</u>	<u>(0,032)</u>

22. INCOM TAX

- The financial statement for the parent company were accepted by the Income Tax Department according to the sample system for year 2012, and the company present the Taxable statement for 2015 .
- The Arab Paper converting Trading company present their Taxable statement for the years 2009- 2015 and its still on Tax cort.
- The Al Humeer Hills present their Taxable statement until 2015 and its accepted according to the sample system.
- The Tax position for Palm Hills company, and Amaar properties company for 2012- 2015 are not settled yet.

23. FINANCIAL INFORMATION RELATING TO SUBSIDIARIES

This item consists of the following:

<u>Company Name</u>	<u>ASSETS</u> 2016		<u>LIABILITIES</u> 2016		<u>PROPERTY</u> <u>PERCENT</u>	<u>PROFIT</u> <u>(LOSS) IN</u> 2016		<u>TYPE OF COMPANY</u>
	JD		JD			JD		
Amaar Properties company(L.T.D)	4,545,240/-		10,733,214/-		90%	(830)		Subsidiary company to Al-Arabia for investment projects company.
Arab Paper Converting Trading Co.	981,070/-		2,232,859/-		100%	(77,839)		Subsidiary company to Al-Arabia for investment projects company.
Palm Hills for real state Tourism projects company (L.T.D)	4,026,001/-		4,611,167/-		100%	(51)		Subsidiary company to Amaar properties company.
Al Hummar Hills for residential and tourism projects	6,491,887/-		3,794,243/-		50%	-		Subsidiary company to Amaar properties company.
New Dimension for constructional Installations company	13,894/-		15,000/-		100%	(388)		Subsidiary company to Amaar properties company.

24. LAWYER'S LETTER

- a) According to the lawyer's letter, there are legal actions from others against the company amounting to (JD 502,535/-) and a case about legal fees related to amount of (JD 3,123,041/-). They were still outstanding on the date of the balance sheet.
- b) According to the lawyer letter there are legal action from the company against others amounting to (JD 4,813,000/-), from this amount there is a case against Aqaba Authority as mentioned on (Note 713).

25. FINANCIAL INSTRUMENTS

a) Fair value

Carrying value of financial assets and liabilities are approximately equal to their fair values.

Notes to the financial statements indicate the fair value of those instruments. In addition, some of the accounting policies in note (2) present methods used in evaluating those instruments.

b) Market risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises the following risks:

- Currency risk

- Currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- Risks related to the financial instruments denominated in USD are low due to the constancy of exchange rate of JD against USD. Risks related to other foreign currencies were reflected in the income statement.

- Interest rate risk

- Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- The financial instruments in the balance sheet are not subject to interest rate risk with the exception of current accounts, deposits and loans payable that are subject to interest rates applicable in the market.

- Other price risk

- Other price risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices -other than those arising from interest rate risk or currency risk- whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar financial instruments traded in the market.
- The financial instruments in the balance sheet are not subject to other price risk with the exception of investments.

c) Credit risk

- Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- The Company maintains cash at financial institutions with suitable credit rating.
- The Company maintains a proper control over the customers' credit limits and collection process.

d) Liquidity risk

- Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

26. COMPARATIVE FIGURES

Some comparative figures were reclassified to confirm to the current year financial statements presentation.