



شركة الديرة للإستثمار والتطوير العقاري  
DEERA INVESTMENT & REAL ESTATE DEVELOPMENT CO.

No. 2/4/1 / 277

الرقم : 1/4/2 / ٢٧٧

To: Jordan Securities Commission Amman Stock Exchange Date: 30/05/2017 Subject: Audited Financial Statements for the fiscal year ended 31/12/2016	السادة هيئة الأوراق المالية السادة بورصة عمان التاريخ: 2017/05/30 الموضوع: البيانات المالية السنوية المدققة للسنة المنتهية في 2016/12/31
Attached the Audited Financial Statements of Deera Investment and Real Estate Development for the fiscal year ended 31/12/2016	مرفق طيه نسخة من البيانات المالية المدققة لشركة الديرة للإستثمار والتطوير العقاري عن السنة المالية المنتهية في 2016/12/31
Kindly accept our high appreciation and respect Deera Investment and Real Estate Development Chief Executive Officer Mohammad Alawi	وتفضلوا بقبول فائق الاحترام ... شركة الديرة للإستثمار والتطوير العقاري الرئيس التنفيذي محمد العلاوي



بورصة عمان
الدائرة الإدارية والمالية
الديوان
٢١ - ٢٠١٧
الرقم المتسلسل: 3337
رقم الملف: 31255
الجهة المختصة: 211076



**DEERA INVESTMENT AND REAL ESTATE DEVELOPMENT GROUP**  
**PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2016**

**DEERA INVESTMENT AND REAL ESTATE DEVELOPMENT GROUP**  
**PUBLIC SHAREHOLDING COMPANY**  
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RSM Jordan

Amman 69 Queen Rania St.  
P.O.BOX 963699  
Amman 11196 Jordan

T +962 6 5673001  
F +962 6 5677706

[www.rsm.jo](http://www.rsm.jo)

## **INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDERS  
DEERA INVESTMENT AND REAL ESTATE DEVELOPMENT GROUP  
PUBLIC SHAREHOLDING COMPANY  
AMMAN, JORDAN**

### **Opinion**

We have audited the consolidated financial statements of the Deera Investment and Real Estate Development Group, which comprise the consolidated statement of the financial position as of 31 December 2016, the consolidated statement of income and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Deera Investment and Real Estate Development Group as of 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements in Jordan that are relevant to our audit of the Group financial statements, and we have fulfilled our other ethical responsibilities. 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 consolidated financial statements of the current year. 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:

#### **Evaluating Investment Properties**

Investment property represents 46 % of the Groups' assets. Moreover, the Group should re-evaluate its properties when preparing the financial statements to determine their fair value, and reflect the impact of any impairment in value in the statement of income, in line with the requirements of the International Financial Reporting Standards. Accordingly, the Group relies on independent real estate experts to determine the fair value of those investments and reflect any impairment in their value in the statement of income for that period. Consequently, fair value estimation of these assets was significant to our audit.

#### **Scope of Audit to Address Risks**

The followed audit procedures included understanding the procedures applied by the Group in evaluating investment property, testing the implemented internal control procedures, evaluating the reasonableness of the judgments based on the evaluation of the real estate experts, calculating the average fair value of those evaluations, recording any impairment in their value in the statement of income, if any, and reviewing the appropriateness of the disclosure on the fair value of investment property, and average fair value.

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### **Group's Share of Associates' Result**

The Group accounts for its share of result from associates at the Group level in accordance with the equity method as stated in Note (5). The Group's share of the associates' results forms a significant element of the statement of income. As a result of financial statements for these associates have been audited by other auditors, moreover have Investment Properties, the associates should re-evaluate its properties when preparing the financial statements to determine their fair value, and reflect the impact of any impairment in value in the statement of income, in line with the requirements of the International Financial Reporting Standards. Accordingly, the Group relies on independent real estate experts to determine the fair value of those investments and reflect any impairments in their value in the statement of income for that period the Group's share of associates'. Consequently, Group's Share of Associates' Result was significant to our audit.

### **Scope of Audit to Address the Risk**

The Group's share of associates' results, which is considered a key audit matter to the financial statements, has been audited through our review of the documents available to management that support the calculated amounts. We have also evaluated the reasonableness and adequacy of the preliminary disclosures issued by these companies and discussed the matter with the Group's financial management. Furthermore, our audit procedures included obtaining appropriate audit evidence through communication with the independent auditors of the key associates companies as well as, conducting additional financial and analytical studies on the other associates' results.

### **Other matter**

The accompanying consolidated financial statements are a translation of the statutory consolidated financial statements which are in the Arabic language to which reference should be made.

### **Other Information**

Management is responsible for the other information. The other information comprises of the information stated in the Annual Report and does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will 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 when it becomes available to us 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.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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 Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group financial reporting process.

### **Auditor's 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 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 International Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, 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 International Standards on Auditing, 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 Group 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 evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group 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 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 auditor's report. However, future events or conditions may cause the Group 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.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit and we remain solely responsible for our audit opinion.

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 material 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 consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude 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 Group maintains proper accounting records, duly organized and in line with the accompanying consolidated financial statements, and we recommend that they be approved by the General Assembly shareholders.

Amman – Jordan

13 March 2017



DEERA INVESTMENT AND REAL ESTATE DEVELOPMENT GROUP  
PUBLIC SHAREHOLDING COMPANY  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2016

Assets	Notes	2016 JD	2015 JD
<b>Non - Current Assets</b>			
Property, plant and equipment	3	91 074	30 190
Projects under construction	4	15 249 914	14 391 604
Investment in associates	5	15 184 172	14 963 513
Investment properties	6	18 695 976	18 629 454
Assets held under capital lease	7	4 804 867	4 789 362
Financial assets at fair value through comprehensive Income	8	2 401 531	3 989 129
checks under collection Long-term	9	35 740	5 000
<b>Total Non - Current Assets</b>		<b>56 463 274</b>	<b>56 798 252</b>
<b>Current Assets</b>			
Assets held for sale	10	4 712 609	5 665 990
Other debit balances	11	303 011	344 099
Due from related parties	27	139 293	14 662
Accounts receivable		178 262	48 381
Short-term checks under collection	9	141 759	424 000
Cash and cash equivalents	12	1 323 153	4 734 039
<b>Total Current Assets</b>		<b>6 798 087</b>	<b>11 231 171</b>
<b>Total Assets</b>		<b>63 261 361</b>	<b>68 029 423</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>	13		
Share capital		40 000 000	40 000 000
Share premium		16 400 000	16 400 000
Statutory reserve		2 713 643	2 702 084
Voluntary reserve		175 157	175 157
Fair value reserve		(3 719 319)	(4 007 859)
Retained earning		5 616 637	9 625 221
<b>Total Equity</b>		<b>61 186 118</b>	<b>64 894 603</b>
<b>Non - Current Liabilities</b>			
Long-term Murabaha financing facility	14	1 077 867	1 453 521
<b>Total Non - Current Liabilities</b>		<b>1 077 867</b>	<b>1 453 521</b>
<b>Current Liabilities</b>			
Short-term Murabaha financing facility	14	689 555	810 037
Capital lease obligations	15	67 000	56 545
Provision for income tax	16	20 358	4 250
Other credit balances	17	177 417	119 217
Advance payments in assets held for sale	18	7 056	333 063
Accounts payable		35 990	88 708
Postdated checks		-	269 479
<b>Total Current Liabilities</b>		<b>997 376</b>	<b>1 681 299</b>
<b>Total Liabilities</b>		<b>2 075 243</b>	<b>3 134 820</b>
<b>Total Equity and Liabilities</b>		<b>63 261 361</b>	<b>68 029 423</b>

The accompanying notes from 1 to 31 are an integral part of these consolidated financial statements

**DEERA INVESTMENT AND REAL ESTATE DEVELOPMENT GROUP**  
**PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF INCOME**  
**31 DECEMBER 2016**

	<b>Notes</b>	<b>2016 JD</b>	<b>2015 JD</b>
Operating revenue	19	1 318 190	3 282
Operating expenses	19	(1 155 117)	(22 321)
<b>Gross profit</b>	19	<b>163 073</b>	<b>(19 039)</b>
Gain from sale and re-acquisition of an associates	5	-	1 589 519
Administrative expenses	20	(656 853)	(683 874)
Group's share of associates	5	(56 036)	(39 823)
Other revenue	21	392 328	132 723
<b>(Loss) profit for the year before tax</b>		<b>(157 488)</b>	<b>979 506</b>
Income tax expense	16	(16 720)	-
<b>(Loss) profit for the year</b>		<b>(174 208)</b>	<b>979 506</b>
 <b>Basic and diluted earnings (loss) per share</b>	 22	 <b>(0.004) JD</b>	 <b>0.024 JD</b>

The accompanying notes from 1 to 31 are an integral part of these consolidated financial statements

**DEERA INVESTMENT AND REAL ESTATE DEVELOPMENT GROUP**  
**PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**31 DECEMBER 2016**

	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
(Loss) Profit for the year	<u>(174 208)</u>	<u>979 506</u>
<b>Other comprehensive income items:</b>		
Change in fair value of financial assets	215 595	(1 393 860)
Loss from sale of financial assets at fair value through comprehensive income	<u>(1 749 872)</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u><b>(1 708 485)</b></u>	<u><b>(414 354)</b></u>

The accompanying notes from 1 to 31 are an integral part of these consolidated financial statements

**DEERA INVESTMENT AND REAL ESTATE DEVELOPMENT GROUP**  
**PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**31 DECEMBER 2016**

	Share capital JD	Share premium JD	Statutory reserve JD	Voluntary reserve JD	Fair value reserve JD	Retained earnings JD	Total JD
<b>31 DECEMBER 2014</b>	<b>40 000 000</b>	<b>16 400 000</b>	<b>2 633 043</b>	<b>175 157</b>	<b>(2 613 999)</b>	<b>8 714 756</b>	<b>65 308 957</b>
Transferred to reserves	-	-	69 041	-	-	(69 041)	-
Total comprehensive income for the year	-	-	-	-	(1 393 860)	979 506	(414 354)
<b>31 DECEMBER 2015</b>	<b>40 000 000</b>	<b>16 400 000</b>	<b>2 702 084</b>	<b>175 157</b>	<b>(4 007 859)</b>	<b>9 625 221</b>	<b>64 894 603</b>
Dividends	-	-	-	-	-	(2 000 000)	(2 000 000)
Loss from sale of financial assets	-	-	-	-	1 749 872	(1 749 872)	-
Transferred to reserves	-	-	11 559	-	72 945	(84 504)	-
Total comprehensive income for the year	-	-	-	-	(1 534 277)	(174 208)	(1 708 485)
<b>31 DECEMBER 2016</b>	<b>40 000 000</b>	<b>16 400 000</b>	<b>2 713 643</b>	<b>175 157</b>	<b>(3 719 319)</b>	<b>5 616 637</b>	<b>61 186 118</b>

The accompanying notes from 1 to 31 are an integral part of these consolidated financial statements

**DEERA INVESTMENT AND REAL ESTATE DEVELOPMENT GROUP**  
**PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**31 DECEMBER 2016**

	<b>Notes</b>	<b>2016 JD</b>	<b>2015 JD</b>
<b>Operating activities</b>			
(Loss) Profit for the year		(157 488)	979 506
<b>Adjustments for:</b>			
Depreciation	3	13 130	24 299
Gain from sale and re-acquisition of an associates	5	-	(1 589 519)
Group's share of associates	5	56 036	39 823
Interest revenue	22	(21 538)	(123 553)
<b>Changes in operating assets and liabilities</b>			
Assets held for sale		953 381	-
Other debit balances		41 088	233 718
Due from related parties		(124 631)	2 761 454
Account receivables		(129 881)	6 565
Checks under collection		251 501	(429 000)
Paid income tax	16	(612)	(7 169)
Other credit balances		58 200	18 571
Provision for contingent liabilities		-	(335 190)
Advance payments in assets held for sale		(326 007)	169 870
Account payables		(52 718)	(73 657)
<b>Net cash from operating activities</b>		<b>560 461</b>	<b>1 675 718</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	3	(74 423)	(5 003)
Sale of property, plant and equipment		409	-
Projects under constructions		(858 310)	(726 982)
Investment in associate		(276 695)	287
Investment properties		(66 522)	(27 919)
Assets held under capital lease		(5 050)	-
Financial assets at fair value through comprehensive Income		53 321	-
Proceeds from interest revenue	22	21 538	110 428
Cash owned from subsidiaries	5	-	77 170
<b>Net cash used in investing activities</b>		<b>(1 205 732)</b>	<b>(572 019)</b>
<b>Financing activities</b>			
Murabaha financing facility		(496 136)	(275 623)
Capital lease obligations		-	(538 949)
Dividends paid		(2 000 000)	-
Postdated checks		(269 479)	222 523
<b>Net cash used in financing activities</b>		<b>(2 765 615)</b>	<b>(592 049)</b>
<b>Net change in cash and cash equivalents</b>		<b>(3 410 886)</b>	<b>511 650</b>
Cash and cash equivalents at 1 January	12	4 734 039	4 222 389
Cash and cash equivalents at 31 December	12	<b>1 323 153</b>	<b>4 734 039</b>

The accompanying notes from 1 to 31 are an integral part of these consolidated financial statements

**DEERA INVESTMENT AND REAL ESTATE DEVELOPMENT GROUP**  
**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT**  
**31 DECEMBER 2016**

**1) General**

The Company was registered at the Ministry of Industry and Trade as a Jordanian public shareholding company under No. (410) on 8 June 2006. The company's share capital is JD 40 000 000.

The Group main activities are acquired and sell properties, Land development, construction of commercial and residential buildings, and other related activities.

The accompanying consolidated financial statement was approved by the Management on 13 March 2017.

**2) Basis of preparation**

The accompanying consolidated financial statements of the Group have been prepared in Accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and their related interpretations issued by IASB.

The consolidated financial statements are prepared in accordance with the historical cost principle, except for certain financial assets and financial liabilities which are stated at fair value as of the date of the consolidated financial information.

The accounting policies adopted in the preparation of the consolidated financial information are consistent with those adopted for the year ended 31 December 2015.

**Principles of consolidation**

The consolidated financial statements comprise of the consolidated financial statements of the Group and its subsidiaries where the Company has the power to govern the financial and operating policies of the subsidiaries to obtain benefits from their activities. The financial statements of the subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies. All balances, transactions, income, and expenses between the Company and its subsidiaries are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The results of operations of the subsidiaries are consolidated in the income statements from the acquisition date, which is the date on which control over subsidiaries is transferred to the Company. The results of operation of the disposed subsidiaries are consolidated in the income statement to the disposal date, which is the date on which the Company loses control over the subsidiaries

The following subsidiaries have been consolidated:

	Share capital JD	Nature of Activity	Percentage of ownership 2016	Ownership percentage 2015
AL ITLALAH INVESTMENT AND REAL ESTATE DEVELOPMENT *	5 348 238	Real estate	%100	%100
AL DEERA TOWER INVESTMENT AND REAL ESTATE DEVELOPMENT *	5 340 384	Real estate	%100	%100
AWTAD FOR CONTRACTING CONSTRUCTION	150 000	Constructions	%100	%100
AL QAWS ELECTRONICS AND REAL ESTATE INVESTMENT	100 000	Real estate	%100	%100
AL ZANBQ INVESTMENT AND REAL ESTATE DEVELOPMENT	10 000	Real estate	%100	%100
ALSAMQ INVESTMENT AND REAL ESTATE DEVELOPMENT	10 000	Real estate	%100	%100
AL SAQI INVESTMENT AND REAL ESTATE DEVELOPMENT	10 000	Real estate	%100	%100
AL NASAEM INVESTMENT AND REAL ESTATE DEVELOPMENT	10 000	Real estate	%100	%100
AL TMAEM INVESTMENT AND REAL ESTATE DEVELOPMENT	10 000	Real estate	%100	%100

\*On 28 May 2015 the Group has increased its share in Al Deera Tower Investment and Real Estate Development, and Al Itlalah Investment And Real Estate Development after the acquisition date from 49% to 100%, which represents the contribution percentage of Kuwait Finance House / Jordan, Moreover Concede its share percentage of 49% in Granada Investment an Real Estate Development as a result of settlement of dues agreement for the benefit of the Deera Investment and Real Estate Development (Parent company), and Awtad For Contracting Construction, The Group has achieved gain from sale and re-acquisition of an associates amounted of JD 1 589 519

**Segment reporting**

Business segments represent distinguishable components of the Group that are engaged in providing products or services which are subject to risks and rewards that are different from those of other segments and are measured based on the reports sent to the chief operating decision maker.

Geographical segments are associated to products and services provided within a particular economic environment, which are subject to risks and rewards that are different from those of other economic environments.

#### **Property, plant and equipment**

Property and equipment are stated at cost net of accumulated depreciation and any impairment loss in its value. Moreover Property and Equipment (except for land) are depreciated according to the straight- line method over the estimated useful lives when ready for use of these assets using the following annual rates.

	%
Machinery and equipment	15
Furniture	15
Vehicles	15
Caravans	10

When the carrying amount of property and equipment exceeds their recoverable value, assets are written down and impairment loss is recorded in the consolidated statement of income.

- The useful lives of property and equipment are reviewed at the end of each year, In case the expected useful life is different from what was determined before the change in estimate is recorded in the following years being a change in estimates.
- Property and equipment are derecognized when disposed or when there is no expected future benefit from their use.

#### **Projects under construction**

Projects in progress are stated at cost, which represents cost of constructions, equipment and direct costs. Projects in progress are not depreciated until they become ready for use where it is transferred to property and equipment or investment properties.

#### **Construction contracts**

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the statement of financial position date, measured based on the proportion of contract costs incurred for work performed to date including the project office expenses relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed on with the employer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately, in the statement of income.

#### **Investment in Associate**

Associate is those in which the Group exerts significant influence over the financial and operating policy decisions, and in which the Group holds between 20% and 50% of the voting rights.

Investment in associated Group is accounted for according to the equity method.

Transactions and balances between the Group up and the associate is eliminated to the extent of the Group's ownership in the associate.

#### **Investment properties**

Investment properties are stated at cost net of accumulated depreciation and any impairment in their value, and are disclosed their fair value. Furthermore, these Investments are depreciated based on their useful lives at an annual rate of 2%. Any Impairment In their value is taken to the consolidated statement of Income and other comprehensive Income, while operating revenues and expenses relating to this investment are recognized in he consolidated statement of Income and other comprehensive Income.

If the fair value of the Investments for which an Impairment provision has been taken in the previous periods increases, the previously recorded are recovered impairment losses at no more than their cost.

**Financial assets at fair value through comprehensive Income**

These financial assets represent the investments in equity instruments held for the long term.

These financial assets are recognized at fair value plus transaction costs at purchase date and are subsequently measured at fair value in the consolidated statement of comprehensive income and within owner's equity including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the consolidated 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 not to the consolidated statement of income.

No impairment testing is required for these assets.

Dividends are recorded in the consolidated statement of income.

**Assets held for sale**

Assets held for sale are measured at the lower of cost and net realizable value .

Assets held for sale costs comprise all costs of conversion and other costs incurred to acquire the assets by the Group . Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Account receivables**

Accounts receivable are stated at net realizable value after deducting a provision for doubtful debts.

A provision for doubtful debts is booked when there is objective evidence that the Group will not be able to recover whole or part of the due amounts at the end of the year. When the Group collects previously written-off debts, it recognizes the collected amounts in other revenues in the consolidated statement of income and comprehensive income. Furthermore, revenue and commission from doubtful debts are suspended and recognized as revenue upon collection.

Moreover, debts are written-off when they become uncollectible or are derecognized

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on, and balances at banks and deposits at banks maturing within three months, less bank overdrafts and restricted balances.

**Related parties**

Transactions with related parties represent transfer of resources, services, or obligations between related parties. Terms and conditions relating to related party transactions are approved by management

**Loans**

All term loans are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and bonds are subsequently measured at amortized cost using the effective interest method.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**Capital leases**

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized directly in the consolidated income statement.

#### **Income Taxes**

Income tax expenses represent current and deferred taxes for the year.

Income tax expense is measured based on taxable income. Taxable income differs from income reported in the financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.

Taxes are calculated based on the enacted tax rates according to the prevailing laws, regulations and instructions of The Hashemite Kingdom of Jordan.

Deferred taxes are Taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and their respective tax basis. Deferred taxes are calculated based on the liability method, and according to the rates expected to be enacted when it is anticipated that the liability will be settled or when tax assets are recognized.

#### **Accounts Payable and Accruals**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

#### **Offsetting**

Financial assets and financial liabilities are offset, the net amount is presented in the consolidated statement of financial position only when there is a legal right to offset the recognized amounts, and the Group intends to either settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

#### **Provisions**

Provisions are recognized when the Group has an obligation as of the date of the consolidated financial statements as a result of past events, the obligation is likely to be settled, and a reliable estimate can be made of the amount of the obligation.

#### **Provision for employees' end-of-service indemnity**

The required provision for end-of-service indemnity for the year is recorded in the consolidated statement of income while payments to departing employees are deducted from the provision amount, Indemnities paid in excess of the provision is taken to the consolidated statement of income upon payment while the required provision for end-of-service indemnities for the year is recorded in the consolidated statement of income.

#### **Employees Benefits**

The pension obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bonds.

The Group records the accrued benefits which mature during the year after the date of the consolidated financial statements within current liabilities and records the accrued benefits which mature after one year of the date of the consolidated financial statements within non-current liabilities.

#### **Recognition of Financial Assets Date**

Purchases and sales of financial assets are recognized on the trading date (which is the date on which the Group commits itself to purchase or sell the asset) .

#### **Impairment in Financial Assets**

The Group reviews the value of financial assets on the date of the consolidated statement of financial position in order to determine if there are any indications of impairment in their value individually or in the form of a portfolio, in case such indications exist the recoverable value is estimated so as to determine the impairment loss.

Impairment is determined as follows:

- The impairment in the financial assets recorded at amortized cost is determined on the basis of the present value of the expected cash flows discounted at the original interest rate.
- The impairment in the financial assets at cost is determined by the difference between book value and the present value of the expected future cash flows discounted in effective market price on any other similar financial assets.
- Impairment is recorded in the consolidated statement of income as does any surplus that occurs in subsequent years that is due to a previous impairment of the financial assets in the consolidated statement of income.

#### **Fair Value**

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements.

In case declared market, prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets. When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

#### **Revenue Recognition and Expenses Realization**

Revenue is recognized when contracts are signed and handing over the lands and apartments to the buyer and all the following conditions are satisfied:

The entity has transferred to the buyer the significant risks and rewards of ownership of the Goods, the entity retains regardless continuing administrative involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, and It is probable that the economic benefits associated with the transaction will flow to the entity.

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Project income is recognized on a percentage-of-completion basis Moreover plus a percentage of cost, in particular with respect to the timing of recognition of profit and the amount of recognized profit.

Dividend revenue from investments is recognized when the shareholder's right to receive payment is established.

Expenses are recognized on an accrual basis.

#### **Foreign Currency**

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.

Financial assets and financial liabilities denominated in foreign currencies are translated at the average exchange rates prevailing on the balance sheet date and declared by the Central Bank of Jordan

#### **Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

#### **Accounting estimates**

Preparation of the consolidated financial statements and the application of the accounting policies requires the management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, and fair value reserve and to disclose contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value shown in the consolidated statement of other comprehensive income and owners' equity. In particular, this requires the Group management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

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3) Property, plant and equipment

	<b>Machinery &amp; Equipment JD</b>	<b>Furniture JD</b>	<b>Vehicles JD</b>	<b>Caravans JD</b>	<b>Total JD</b>
<b>Cost</b>					
31 DECEMBER 2015	52 780	142 309	22 750	8 300	226 139
Additions	10 073	850	63 500	-	74 423
Disposal	(1 350)	-	-	(1 400)	(2 750)
<b>31 DECEMBER 2016</b>	<b>61 503</b>	<b>143 159</b>	<b>86 250</b>	<b>6 900</b>	<b>297 812</b>
<b>Accumulated Depreciation</b>					
31 DECEMBER 2015	37 773	135 509	16 936	5 731	195 949
Depreciation	4 928	3 030	4 235	937	13 130
Disposal	(1 237)	-	-	(1 104)	(2 341)
<b>31 DECEMBER 2016</b>	<b>41 464</b>	<b>138 539</b>	<b>21 171</b>	<b>5 564</b>	<b>206 738</b>
<b>Net book value</b>					
31 DECEMBER 2015	15 007	6 800	5 814	2 569	30 190
<b>31 DECEMBER 2016</b>	<b>20 039</b>	<b>4 620</b>	<b>65 079</b>	<b>1 336</b>	<b>91 074</b>

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**4) Projects under construction**

	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Lands	5 704 959	5 704 959
Construction costs	9 544 955	8 686 645
	<b>15 249 914</b>	<b>14 391 604</b>

The details of movement on Projects under construction as follows:

	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Beginning balance	14 391 604	782 661
Acquisition of an associates*	-	13 202 263
Additions	858 310	406 680
Ending balance	<b>15 249 914</b>	<b>14 391 604</b>

\*This item represents the cost of land and the design of construction work on land has been leased by financial lease contract with Al Deere Real Estate Development Company (Parent company)

On 4 September 2008 Al Deere Tower Investment and Real Estate Development signed land financial leasing contracts with the Al Deere Real Estate Development (Parent company) with an amount of JD 3 858 000 with down payment an amount of JD 1 929 000 on the date of signing the agreement. The leasing contracts are repayable over 16 equal instalments, the first Instalment was due on 30 September 2008 and the last is due on 30 June 2012. The outstanding installations have not been paid for the years 2010, 2011, and 2012. On 28 May 2012, the Group has been settlement of dues agreement for the benefit of the Al Deere Real Estate Development (Parent company), and Awtad for Contracting Construction against the acquisition and full control of the Group over the company's' share capital (Note 5).

On 4 September 2008 Al Itlalah Investment and Real Estate Development signed land financial leasing contracts with the Al Deere Real Estate Development (Parent company) with an amount of JD 3 379 600. with down payment, an amount of JD 1 689 800 on the date of signing the agreement. The leasing contracts are repayable over 16 equal instalments, the first Instalment was due on 30 September 2008 and the last is due on 30 June 2012. The outstanding installations have not been paid for the years 2010, 2011, and 2012. On 28 May 2012, the Group has been settlement of dues agreement for the benefit of the Al Deere Real Estate Development (Parent company), and Awtad For Contracting Construction against the acquisition and full control of the Group over the Company's' share capital (Note 5).

The total cost to complete the projects are JD 6 360 000 and it is expected to be completed in year 2017.

The fair value of the investment properties has been assessed by two real state evaluators equivalents an average amount of JD 7 962 490 as of 31 December 2016 (2015: JD 7 207 250).

**5) Investment in associates**

	<b>Nature of Activity</b>	<b>Percentage of ownership</b>		<b>2016</b>	<b>2015</b>
		<b>2016</b>	<b>2015</b>	<b>JD</b>	<b>JD</b>
AI DEERA PEARL	Real state	%49	%49	8 958 006	8 714 744
RAWABI DEERA	Real state	%49	%49	6 226 166	6 248 769
				<b>15 184 172</b>	<b>14 963 513</b>

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The following table illustrates the movement on the investments in associates:

	Beginning Balance JD	Group's share of associates JD	Additions JD	Gain from sale & re- acquisition JD	Group's share of Increase in share capital JD	Disposals JD	Transferred to subsidiaries JD	Ending Balance JD
<b>31 DECEMBER 2015</b>								
AI DEERA PEARL	6 586 662	(33 917)	-	974 009	2 048 069	(860 079)	-	8 714 744
RAWABI DEERA	4 971 038	(5 906)	-	512 739	1 208 259	(437 361)	-	6 248 769
GRANADA	2 190 958	-	-	129 266	-	(2 320 224)	-	-
AI ITLALAH	2 253 927	-	-	14 861	-	-	(2 268 788)	-
AI DEERA TOWER	2 290 599	-	-	(41 356)	-	-	(2 249 243)	-
	<b>18 293 184</b>	<b>(39 823)</b>	<b>-</b>	<b>1 589 519</b>	<b>3 256 328</b>	<b>(3 617 664)</b>	<b>(4 518 031)</b>	<b>14 963 513</b>
<b>31 DECEMBER 2016</b>								
AI DEERA PEARL	8 714 744	(33 433)	276 695	-	-	-	-	8 958 006
RAWABI DEERA	6 248 769	(22 603)	-	-	-	-	-	6 226 166
	<b>14 963 513</b>	<b>(56 036)</b>	<b>276 695</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15 184 172</b>

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On 28 May 2015 the Group has increased its share in Al Deere Tower Investment and Real Estate Development, and Al Itlalah investment and real estate development after the acquisition date from 49% to 100%, which represents the contribution percentage of Kuwait Finance House / Jordan, Moreover Concede its share percentage of 49% in Granada Investment an Real Estate Development as a result of settlement of dues agreement for the benefit of the Al Deere Real Estate Development (Parent company), and Awtad For Contracting Construction.

There is no difference between the cost and market value, the fair value of the assets and liabilities of the companies on acquisition date is as follows:

	<b>AI DEERA TOWER JD</b>	<b>AI ITLALAH JD</b>	
<b>Assets</b>			
Property, plant and equipment	-	84	
Projects under construction	11 526 203	1 676 060	
Due from related parties	-	25 000	
Assets held for sale	-	5 963 409	
Other debit balances	372 654	42 455	
Cash and cash equivalents	16 829	60 341	
<b>Total Assets</b>	<b>11 915 686</b>	<b>7 767 349</b>	
<b>Liabilities</b>			
Murabaha financing facility	2 539 181	-	
Due to related parties	3 918 407	2 224 718	
Capital lease obligations	19 869	-	
Provision for income tax	157	4 297	
Other credit balances	3 318	165 431	
Accounts payable	143 828	2 190	
Postdate checks	46 956	-	
<b>Total Liabilities</b>	<b>6 671 716</b>	<b>2 396 636</b>	
<b>Net assets</b>	<b>5 243 970</b>	<b>5 370 713</b>	
Fair value of investments	(5 243 970)	(5 370 713)	
<b>Goodwill</b>	<b>-</b>	<b>-</b>	
<b>Net cash from acquisition</b>			
	<b>AI DEERA TOWER JD</b>	<b>AI ITLALAH JD</b>	<b>TOTAL JD</b>
Net cash	<b>16 829</b>	<b>60 341</b>	<b>77 170</b>

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Group's share of associates' assets and liabilities:

	AI DEERA PEARL JD	AI RAWABI DEERA JD
<b>2015</b>		
Current Assets	4 674 015	51 249
Non - Current Assets	14 898 700	13 774 204
Non - Current Liabilities	(414 410)	(16 039)
<b>Equity</b>	<b>19 158 305</b>	<b>13 809 414</b>
<b>2016</b>		
Current Assets	4 337 782	51 216
Non - Current Assets	14 898 571	13 774 204
Non - Current Liabilities	(146 279)	(62 133)
<b>Equity</b>	<b>19 090 074</b>	<b>13 763 287</b>

Group's share of associates' results:

	AI DEERA PEARL JD	AI RAWABI DEERA JD
<b>2016</b>		
Operating revenue	2 040 000	-
Cost revenue	(1 892 075)	-
Administrative expenses	(193 256)	(46 128)
Provision for impairments	(26 188)	-
Other revenue	3 288	-
<b>Loss for the year</b>	<b>(68 231)</b>	<b>(46 128)</b>
<b>2015</b>		
Administrative expenses	(72 237)	(12 119)
Other revenue	3 111	66
<b>Loss for the year</b>	<b>(69 126)</b>	<b>(12 053)</b>

6) Investment properties

	2016 JD	2015 JD
Investment properties	18 695 976	18 629 454

The fair value of the investment properties has been assessed by two real state evaluators equivalents an average amount of JD 32 719 047 as of 31 December 2016 (2015: JD 28 837 591).

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**7) Assets held under capital lease**

	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Lands *	3 600 000	3 600 000
Capitalized financing expenses	874 203	867 704
Capitalized expenses	330 664	321 658
	<b>4 804 867</b>	<b>4 789 362</b>

\*On 15 November 2011, Al Nasaem for Investment and Real Estate Development signed land financial leasing contract with the Specialized Leasing Company for an amount of JD 3 600 000 with down payment an amount of JD 850 000 on the date of signing the agreement, The instalment was due on 14 May 2014.

During year 2014, the Group was paid an amount of 3 000 000, and the contract was rescheduled to instalment where the value of installment is JD 540 000 due on 15 May 2015.

During year 2015, the Group was paid an amount of 547 000, and the contract was rescheduled to instalment where the value of installment is JD 60 500 due on 15 May 2016. On 19 July 2016, the contract was rescheduled to instalment where the value of installment is JD 67 000 due on 15 May 2017.

The fair value of the rented lands has been assessed by two real state evaluators equivalents an average amount of JD 6 561 600 as of 31 December 2016 (2015: JD 6 535 300).

**8) Financial assets at fair value through comprehensive Income**

	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Quoted financial assets	2 150 968	1 336 610
Unquoted financial assets	250 563	2 652 519
	<b>2 401 531</b>	<b>3 989 129</b>

**9) Checks under collection**

	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
1 – 3 months	45 915	406 000
4 – 6 months	34 916	6 000
7 – 9 months	34 916	6 000
10 – 12 months	26 012	6 000
13 – 24 months	35 740	5 000
	<b>177 499</b>	<b>429 000</b>

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**10) Assets held for sale**

	Land JD	Buildings JD	Total JD
Apartments *	1 263 163	3 449 446	4 712 609

\*This item represents the apartment project for the Al itlalah investment and real estate development less elimination entries.

The fair value of the investment properties has been assessed by two real state evaluators equivalents an average amount of JD 2 402 925 as of 31 December 2016, moreover apartments are stated at cost which is equivalents the fair value based on management opinion.

**11) Other debit balances**

	2016 JD	2015 JD
Advance payment to supplier	135 890	130 366
Refundable deposits	120 021	119 801
Commercial apartments	44 569	44 569
Staff receivable	24 604	46 049
Income tax deposits	13 381	19 743
Prepaid expenses	9 115	15 015
Accrued revenue	-	13 125
	<b>347 580</b>	<b>388 668</b>
Provision for impairment	(44 569)	(44 569)
	<b>303 011</b>	<b>344 099</b>

**12) Cash and cash equivalents**

	2016 JD	2015 JD
Cash on hands	97 340	14 370
Deposits account*	747 461	4 504 161
Currents account	477 500	214 656
Saving accounts	852	852
	<b>1 323 153</b>	<b>4 734 039</b>

\*The term deposit is made for varying periods between 1-6 months within an annual average interest rate from 2.9% to 3.1%

### 13) Equity

#### Share capital

The authorized and share capital of the Company is JD 40 000 000 divided into 40 000 000 shares at JD 1 per share.

#### Share premium

This amount JD 16 400 000 represents the difference between the par value of the shares issued and their issue price at the date of issuance.

#### Statutory reserve

Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals one quarter of the subscribed capital. However, the Company may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed in full. Such reserve is not available for dividends distribution.

#### Voluntary reserve

This account represents cumulative appropriations not exceeding 20% of the annual profit before taxation per year. This reserve is available for distribution to shareholders.

### 14) Murabaha financing facility

	2016		2015	
	Maturing during the year JD	Maturing during more than a year JD	Maturing during the year JD	Maturing during more than a year JD
Jordan Islamic bank	689 555	1 077 867	810 037	1 453 521

Al Deere Tower Investment and Real Estate Development was granted a Murabaha credit facilities JD 8 850 000 from Jordan Islamic Bank with a Murabaha rate of 6.8% per annual, the facilities term was 7 years including 2 years' grace period the land is mortgaged into favor of Jordan Islamic Bank.

### 15) Capital lease obligations

	2016 JD	2015 JD
Capital lease obligations	50 000	50 000
Accrued interest	17 000	6 545
	<b>67 000</b>	<b>56 545</b>

This item represents the Group capital lease obligation as of 31 December 2016

**16) Income tax**

**Al Deera Investment and Real Estate Development**

No income tax provision has been calculated for the year ended 31 December 2016 due to increase in the deductible expenses on the taxable income.

The Company has reached final settlement with the Income and Sales Tax Department up to the end of the year 2015

**Al Itlalah Investment and Real Estate Development**

The income tax was calculated for the year ended 31 December 2016 accordance with Jordanian Income Tax Law No. (34) of 2014.

The tax returns for the year 2015, 2014, 2013, 2012 have been submitted, However, the returns have not been reviewed by the Income and Sales Tax Department until the date of these consolidated financial statements

The Company has reached final settlement with the Income and Sales Tax Department up to the end of the year 2011

**Al Deera Tower Investment and Real Estate Development**

No income tax provision has been calculated for the year ended 31 December 2016 due to accumulated losses.

The tax returns for the year 2015, 2014, 2013, 2012 have been submitted, However, the returns have not been reviewed by the Income and Sales Tax Department until the date of these consolidated financial statements

The Company has reached final settlement with the Income and Sales Tax Department up to the end of the year 2011

**Awtad For Contracting Construction**

No income tax provision has been calculated for the year ended 31 December 2016 due to accumulated losses.

The tax return for the year 2015, has been submitted, However, the return has not been reviewed by the Income and Sales Tax Department until the date of these consolidated financial statements

The Company has reached final settlement with the Income and Sales Tax Department up to the end of the year 2014

**Al Qaws Electronics and Real Estate Investment**

No income tax provision has been calculated for the year ended 31 December 2016 due to accumulated losses.

The Company has reached final settlement with the Income and Sales Tax Department up to the end of the year 2015

**Al Zambq Investment and Real Estate Development**

No income tax provision has been calculated for the year ended 31 December 2016 due to accumulated losses.

The Company has reached final settlement with the Income and Sales Tax Department up to the end of the year 2015

**Al Samq Investment and Real Estate Development**

No income tax provision has been calculated for the year ended 31 December 2016 due to accumulated losses.

The Company has reached final settlement with the Income and Sales Tax Department up to the end of the year 2015.

**Al Sagi Investment and Real Estate Development**

No income tax provision has been calculated for the year ended 31 December 2016 due to accumulated losses.

The Company has reached final settlement with the Income and Sales Tax Department up to the end of the year 2015.

**Al Nasaem For Investment and Real Estate Development**

No income tax provision has been calculated for the year ended 31 December 2016 due to accumulated losses.

The tax return for the year 2015, has been submitted, However, the return has not been reviewed by the Income and Sales Tax Department until the date of these consolidated financial statements.

The Company has reached final settlement with the Income and Sales Tax Department up to the end of the year 2014.

**Al Tmaem Investment and Real Estate Development**

No income tax provision has been calculated for the year ended 31 December 2016 due to accumulated losses.

The company reached final settlement with the Income Tax Department up to the year 2015.

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The movement of the income tax provision was as follow:

	2016 JD	2015 JD
Balance at beginning of the year	4 250	6 965
Acquisition of an associates	-	4 454
Accrual income tax	16 720	-
Paid income tax	(612)	(7 169)
<b>Balance at ending of the year</b>	<b>20 358</b>	<b>4 250</b>

Accounting profit Settlement with Income tax profit was as follow:

	2016 JD	2015 JD
Accounting (loss) profit	(157 488)	979 506
Non-tax-deductible expense	241 086	-
Non-taxable profit	-	(1 589 519)
<b>Taxable profit (loss)</b>	<b>83 598</b>	<b>(610 013)</b>

**17) Other credit balances**

	2016 JD	2015 JD
Shareholders' deposits	103 784	36 845
Accrued expenses	41 083	77 417
Contractor retentions	21 045	-
legal claims provision	4 704	-
Social security payable	4 279	3 291
Income tax payable	1 916	1 186
Others	606	478
	<b>177 417</b>	<b>119 217</b>

**18) Advance payments in assets held for sale**

This item represents advance payment in assets held for sale favor of Al Itlalah Investment and Real Estate Development as of 31 December 2016

**19) Operating revenue**

	Operating revenue JD	Operating expenses JD	Gross profit (loss) JD
<b>31 DECEMBER 2015</b>			
Al Deera Pearl Investment and Real Estate Development	3 282	(2 984)	298
Acquisition of an associates	-	(19 337)	(19 337)
	<b>3 282</b>	<b>(22 321)</b>	<b>(19 039)</b>
<b>31 DECEMBER 2016</b>			
Al Itlalah Investment and Real Estate Development	<b>1 318 190</b>	<b>(1 155 117)</b>	<b>163 073</b>

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**20) Administrative expenses**

	2016 JD	2015 JD
Salaries, wages, and other benefits	230 819	257 396
Board of Directors' transportation allowances	61 626	64 740
Professional fees	55 416	49 435
Government fees	38 918	83 086
Prior year expenses	30 504	-
Rent	33 400	32 934
Advertising	27 446	3 141
legal claims	25 000	-
Group contribution in Social security	23 475	36 863
Others	20 060	3 714
Lawyer fees	19 273	33 225
Securities fees	14 024	18 771
Maintenance	12 641	3 026
Electricity and Water	12 848	6 428
Depreciation	13 130	24 299
Donations	9 250	-
Prior year tax expenses	7 654	-
Hospitality	5 937	6 807
Stationary, and printing	5 436	5 090
Foreign currency losses	3 528	1 206
Postage, telecommunication, and internet	3 155	4 172
Traveling	2 531	4 137
Banks commissions	782	404
Board of Director's remuneration	-	45 000
	<b>656 853</b>	<b>683 874</b>

**21) Other revenues**

	2016 JD	2015 JD
Interest revenue	21 538	123 553
Dividends on financial assets	21 314	8 963
Others	349 476	207
	<b>392 328</b>	<b>132 723</b>

**22) Basic and diluted (loss) earnings per share**

	2016 JD	2015 JD
(Loss) profit for the year	(174 208)	979 506
Weighted average number of outstanding shares	40 000 000	40 000 000
	<b>(0.004) JD</b>	<b>0.024 JD</b>

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**23) Risk management**

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Moreover, the Group manages interest rate risks through applying the sensitivity analysis of interest rate instruments in a manner that does not negatively affect net interest income.

The Group also manages its Interest rate risk regularly by evaluating the different alternatives such as funding and renewing current positions and alternative funding.

**Currency risks**

The Group's main operations are in Jordanian Dinar. Moreover, currency risk relates to the risk of changes in currency rates that relate to payments denominated in foreign currencies. As for transactions in US Dollars, management believes that the foreign currency risk relating to the US Dollar is immaterial as the Jordanian Dinar (the functional currency) is pegged to the US Dollar.

**Credit risk**

Credit risk relates to the other party's inability to meet its contractual obligations leading to the incurrence of losses by the Group. Moreover, the Group adopts a policy of dealing with creditworthy parties in order to mitigate the financial losses arising from the Group's default on its liabilities.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2016 JD	2015 JD
Cash at banks	1 225 813	4 719 669
Checks under collection	177 499	429 000
Account receivables	178 262	40 211
Due from related parties	139 293	22 832
Other debit balances	293 896	315 494
	<b>2 014 763</b>	<b>5 527 206</b>

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group reputation.

The following are the contracted maturities of financial liabilities:

	Maturing during the year	Maturing during more than a year	Total
<b>31 DECEMBER 2015</b>			
Postdate checks	269 479	-	269 479
Accounts payable	88 708	-	88 708
Capital lease obligations	56 545	-	56 545
Advance payments in assets held for sale	333 063	-	333 063
Other credit balances	119 217	-	119 217
Provision for income tax	4 250	-	4 250
Murabaha financing facility	810 037	1 453 521	2 263 558
	<b>1 681 299</b>	<b>1 453 521</b>	<b>3 134 820</b>
<b>31 DECEMBER 2016</b>			
Accounts payable	35 990	-	35 990
Capital lease obligations	67 000	-	67 000
Advance payments in assets held for sale	7 056	-	7 056
Other credit balances	177 417	-	177 417
Provision for income tax	20 358	-	20 358
Murabaha financing facility	689 555	1 077 867	1 767 422
	<b>997 376</b>	<b>1 077 867</b>	<b>2 075 243</b>

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**24) Fair Value of Financial Instruments**

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash on hand and banks, checks under collection, receivables, and Due from related parties, some other debit balances and financial assets at fair value through other comprehensive income.

Financial liabilities consist of Postdate checks, account payable, and Advance payments in assets held for sale, and Provision for income tax, and some other credit balances, Capital lease obligations, and Murabaha financing facility

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

**25) Fair Value Levels**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1**

Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2**

Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3**

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

	Level 1 JD	Level 2 JD	Level 3 JD	Total JD
<b>31 DECEMBER 2015</b>				
Financial assets at fair value	1 336 610	2 652 519	-	3 989 129
<b>31 DECEMBER 2016</b>				
Financial assets at fair value	2 150 968	250 563	-	2 401 531

**26) Segmental Information**

**A. Information on the Group's Operating Segments**

Segmental information for the basic sectors:

For management purposes, the Group is organized into one major business segment:

Investment properties: Principally trading and renting properties and land owned by the Group.

**B. Information on Geographical Distribution:**

This note represents the geographical distribution of the Group operations. Moreover, the Group conducts its operations mainly in the Kingdom, representing local operations.

	Investment Properties JD	Constructions JD	Financial Investments JD	Total JD
<b>31 DECEMBER 2016</b>				
Foreign segment revenues	501 915	704	21 314	523 933
Internal segment revenues	-	9 930	-	9 930
<b>Total segment revenues</b>	<b>501 915</b>	<b>10 634</b>	<b>21 314</b>	<b>533 863</b>
Administrative expenses	(580 920)	(75 933)	-	(656 853)
Group's share of associates	(56 036)	-	-	(56 036)
Interest revenue	21 538	-	-	21 538
<b>(loss) Profit before income tax</b>	<b>(113 503)</b>	<b>(65 299)</b>	<b>21 314</b>	<b>(157 488)</b>
Total Segment assets	60 601 713	258 117	2 401 531	63 261 361
Investment in associates	15 184 172	-	-	15 184 172
Total segment liabilities	2 047 481	27 762	-	2 075 243
Capital expenditures	74 373	750	-	74 423

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	Investment Properties JD	Constructions JD	Financial Investments JD	Total JD
<b>31 DECEMBER 2015</b>				
Foreign segment revenues	(28 300)	298	8 963	(19 039)
<b>Total segment revenues</b>	<b>(28 300)</b>	<b>298</b>	<b>8 963</b>	<b>(19 039)</b>
Administrative expenses	(622 989)	(60 885)	-	(683 874)
Group's share of associates	(39 823)	-	-	(39 823)
Gain from sale and re-acquisition	1 589 519	-	-	1 589 519
Interest revenue	123 553	-	-	123 553
Other revenue	9 170	-	-	9 170
<b>(loss) Profit before Income tax</b>	<b>1 031 130</b>	<b>(60 587)</b>	<b>8 963</b>	<b>979 506</b>
Total Segment assets	63 821 940	122 604	4 084 879	68 029 423
Investment in associates	14 963 513	-	-	14 963 513
Total segment liabilities	3 117 640	17 180	-	3 134 820
Capital expenditures	4 103	900	-	5 003

**27) Related party transactions**

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties.

Pricing policies and terms of these transactions are approved by the Group's management. Balances with related parties included in the consolidated financial statements are as follows:

**Due from related parties**

	Nature of the relationship	2016 JD	2015 JD
AI DEERA PEARL INVESTMENT AND REAL ESTATE DEVELOPMENT	Associate	86 665	9 244
AI RAWABI DEERA INVESTMENT AND REAL ESTATE DEVELOPMENT	Associate	52 628	5 418
		<b>139 293</b>	<b>14 662</b>

**Compensation of key management personnel of the Group is as follows:**

	2016 JD	2015 JD
Salaries and other benefits	<b>147 529</b>	<b>158 983</b>

**28) Contingent liabilities**

	2016 JD	2015 JD
legal claims	-	<b>22 000</b>

**29) Capital management**

The primary objective of the Group's capital management is to ensure that it maintains capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 2015.

Capital comprises share capital, reserves and retained earnings, and is measured at JD 61 186 118 as at 31 December 2016 (2015: JD 64 894 603)

**30) Adoption of New and Revised International Consolidated Financial Reporting Standards (IFRSs)**

**A) New and revised IFRSs applied with no material effect on the consolidated financial statements:**

The following new and revised IFRSs have been adopted in the preparation of the Group consolidated financial statements for which they did not have any material impact on the amounts and disclosures of the consolidated financial statements; however, they may affect the accounting for future transactions and arrangements.

**Disclosure Initiative (Amendments to IAS 1)**

Amends IAS 1 'Presentation of Financial Statements' to address perceived impediments to preparers exercising their judgment in presenting their financial reports by making the following changes:

- Clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

**Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)**

Amends IFRS 11 'Joint Arrangements' to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 'Business Combinations') to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

**Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)**

Amends IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' to:

- clarify that a depreciation method that is based on revenue that is generated by a use activity that includes the use of an asset is not appropriate for property, plant and equipment.
- introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

**Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)**

Amends IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' to:

- include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such use assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16
- introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales
- clarify that produce growing on bearer plants remains within the scope of IAS 41.

**Equity Method in Separate Financial Statements (Amendments to IAS 27)**

Amends IAS 27 'Separate Financial Statements' to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements

**Annual Improvements 2012-2014 Cycle**

Makes amendments to the following standards:

- IFRS 5 – Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset use from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued
- IFRS 7 – Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements
- IAS 19 – Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid
- IAS 34 – Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference

**Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)**

Amends IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' (2011) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

**Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)**

Amends IAS 12 'Income Taxes' to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the Debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

#### **IFRS 14 Regulatory Deferral Accounts**

IFRS 14 permits an entity, which is a first-time adopter of International Financial Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS 14 in its first IFRS financial statements must continue to apply it in subsequent financial statements. IFRS 14 cannot be applied by entities that have already adopted IFRSs.

Entities which are eligible to apply IFRS 14 are not required to do so, and so can chose to apply only the requirements of IFRS 1 First-time Adoption of International Financial Reporting Standards when first applying IFRSs. However, an entity that elects to apply IFRS 14 in its first IFRS financial statements must continue to apply it in subsequent financial statements. IFRS 14 cannot be applied by entities that have already adopted IFRSs.

(Effective for annual periods beginning on or after 1 January 2016)

#### **B) New and Revised IFRSs issued but not yet effective**

The Group has not applied the following new and revised IFRSs that are available for early application but are not effective yet:

##### **Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)**

Amends IFRS 2 'Share-based Payment' to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

##### **Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)**

Amends IFRS 4 'Insurance Contracts' provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- An optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

##### **Disclosure Initiative (Amendments to IAS 7)**

Amends IAS 7 'Statement of Cash Flows' to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

#### **IFRS 9 Financial Instruments**

A finalised version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement'. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
  - Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
  - Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
  - Derecognition. The requirements for the derecognition of financial assets and liabilities
- (Effective for annual periods beginning on or after 1 January 2018)

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 provides a single, principles based five-step model to be applied to all contracts the five steps in the model are as follows:

- identify the contract with the customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contracts; and
- recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

(Effective for annual periods beginning on or after 1 January 2018)

#### **IFRS 16 Leases**

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset have a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. New disclosures about leases are also introduced.

(Effective for annual periods beginning on or after 1 January 2019)

Management anticipates that these new and revised standards, interpretations and amendments will be adopted in the Group consolidated financial statements when they are applicable and adoption of these new standards, interpretations and amendments except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the financial statements of the Group in the period of initial application, Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Group consolidated financial statements for the annual year beginning 1 January 2018 and IFRS 16 for the annual year beginning on or after 1 January 2019. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Group consolidated financial statements in respect of revenue from contracts with customers and the Group financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Group performs a detailed review.

#### **31) Comparative figures**

Some of the comparative figures for the year 2015 have been reclassified to correspond with the year ended 31 December 2015 presentation and it did not result in any change to the last year's operating results or equity.