

Date: 12/02/2018

To: Jordan Securities Commission

Amman Stock Exchange:

Greetings

Subject: Disclosure

Pursuant to the disclosure instructions, we attach to your Excellency the following

The financial statements of our company as of the period ended 31/12/2018 - after being reviewed By the Company's auditors.

For your actions

Thank you for your cooperation
Yours faithfully

Deputy Chairman of the Board

**AL-TAHDITH FOR REAL ESTATE
INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**FINANCIAL STATEMENTS AND CERTIFIED
PUBLIC ACCOUNTANT'S REPORT FOR THE
YEAR ENDED IN DECEMBER 31, 2017**

AL-TAHDITH FOR REAL ESTATE INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

**FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S
REPORT**
FOR THE YEAR ENDED IN DECEMBER 31, 2017

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CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the shareholders
Al-Tahdith For Real Estate Investments Company

Opinion

We have audited the accompanying financial statements of Al-Tahdith For Real Estate Investments Company (P.L.C), which comprise of the statement of financial position as of December 31, 2017, and the related statements of comprehensive income, Statement of owners' equity and statement of cash flows, for the year that ended, notes to the financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly in all material respects, the statement of financial position of Al-Tahdith For Real Estate Investments Company. (P.L.C) as of December 31, 2017, and its financial performance and cash flows for the year then ended are in accordance with International Financial Reporting Standards.

Basis for Opinion

We conduct our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in Auditor's Responsibilities for the audit of the Financial Statements. We are independent from the Company in accordance with International Standard Board Code of Ethics for professional accountants ("the code") and we have fulfilled our other ethical responsibilities in accordance with the code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

Key audit matters

Key audit matters, according to our professional judgment, are matters that had the significant importance in our auditing procedures that we performed to the financial statement. The basic auditing matters have been addressed in our auditing workflow to financial standards as we do not express separate opinions.

Property, plant and equipment

According to International Standards Auditing, the Company must review the useful life and depreciation method. Land perform impairment test to the value of property, plant and equipment that is reported in the financial statements in case of any events and conditions, the recoverable amount is calculated, the losses and calculated according to the decline of the value in assets. The management estimates the impairment of property and plants by assumptions. And estimation (if any).

The following is a description of our auditing procedures:

-property, plant and equipment:

The Auditing procedures included examining the control procedures used in the assertion of existence and completeness and reviewing the purchases and sells of property, and the basis of depreciation calculation, inspection matching as in ascertaining the procedures and there is no decline in value through evaluating the assumption and the efficiency of disclosures the company used for the property and equipment.

Other information

The management is responsible for other information which includes other information reported in the annual report, but not included in the financial statements and our audit report on it.

Our opinion does not include these other information, and we do not express any assertion over it.

Regarding our audit on financial statements we are obliged to review these other information, and while that, we consider the compatibility of these information with their financial statements or with the knowledge that we gained through audit procedure or seems to contain significant errors. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

Management and individuals responsible of governance about the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. And for such internal control, management is determined to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the 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 the management either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Individuals responsible of governance are responsible of supervising the preparation of financial statements.

Certified public accountant responsibility

Our objective is to obtain reasonable assurance about whether the Financial Statements are free from material misstatement, 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 or considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these Financial Statements.

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

We communicated with audit committee, 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.

Legal requirements report

The Company maintains proper books of accounts and the accompanying financial statements and the financial statements contained in the report of the board of directors in accordance with the proper books of accounts.

Ghosheh & Co.

Walid M. Taha
License No. (703)



Amman-Jordan
February 8, 2018

AL-TAHDITH FOR REAL ESTATE INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

THE STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINARS)

	Note	2017	2016
ASSETS			
Non-current assets			
Property and equipments	4	1,969,769	2,040,598
Series production		21,000	21,000
Investment in lands	6	491,835	491,835
Long term -- Note receivable		91,800	136,050
Total non-current assets		2,574,404	2,689,483
Current assets			
Prepaid expenses and other receivables	7	2,417	4,042
Inventory		-	17,553
Accounts receivable	5	79,450	26,867
Short term -- note receivables		99,500	86,000
Cash and cash equivalents	8	564	10,955
Total current assets		181,931	145,417
TOTAL ASSETS		2,756,335	2,834,900
LIABILITIES AND OWNERS' EQUITY			
Owners' equity			
Share capital	1	2,300,000	2,300,000
Statutory reserve	9	127,614	127,614
Voluntary reserve	9	6,302	6,302
(Accumulated losses) / Retained earnings		(1,598)	21,986
Total owners' equity		2,432,318	2,455,902
Non-Current liabilities			
Non-Current portion of long term loan	13	34,830	60,079
Total non-current liabilities		34,830	60,079
Current liabilities			
Accrued expenses and other liabilities	10	47,215	118,704
Deffered checks		25,940	22,698
Accounts payable		17,798	27,241
Bank overdraft	14	135,186	50,276
Current portion of long term loan	13	63,048	100,000
Total current liabilities		289,187	318,919
TOTAL LIABILITIES AND OWNERS' EQUITY		2,756,335	2,834,900

The accompanying notes are an integral part of these financial statements

AL-TAHDITH FOR REAL ESTATE INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMAPNY)

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	Note	2017	2016
Revenues from Dewan Zaman Restaurant	15	597,462	831,843
Cost of Revenues Dewan Zaman Restaurant	16	(617,538)	(770,290)
Gross Profit		(20,076)	61,553
General and Administrative expenses	17	(17,123)	(16,532)
Revenue from the Investment Contract of Diwan Zaman Restaurant	18	37,716	-
FinancialCharges		(28,377)	(26,964)
Net (Loss) / Profit		(27,860)	18,057
Other Revenues		4,276	8,878
(Loss) / Profit for the year befor tax		(23,584)	26,935
Income tax	11	-	(2,255)
(Loss) / Profit for the year		(23,584)	24,680
Comprehensive Income for the Year:		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(23,584)	24,680
loss per Share:			
loss per Share JD/Share		(0,010)	0,011
Weighted Average of Outstanding Shares		2,300,000	2,300,000

The accompanying notes are an integral part of these financial statements

AL-TAHDITH FOR REAL ESTATE INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF OWNERS' EQUITY
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	Share capital	Statutory reserve	Voluntary reserve	Special reserve	(Accumulated losses) / Retained earnings	Total
Balance at January 1, 2016	2,300,000	124,920	74,902	42,029	27,371	2,569,222
Paid dividends	-	-	(68,600)	(42,029)	(27,371)	(138,000)
Total comprehensive income	-	-	-	-	24,680	24,680
Transfer to Statutory Reserves	-	2,694	-	-	(2,694)	-
Balance at December 31, 2016	2,300,000	127,614	6,302	-	21,986	2,455,902
Comprehensive income	-	-	-	-	(23,584)	(23,584)
Balance at December 31, 2017	2,300,000	127,614	6,302	-	(1,598)	2,432,318

The accompanying notes are an integral part of these financial statements
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**AL-TAHDITH FOR REAL ESTATE INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMAPNY)**

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)**

	2017	2016
Operating Activities		
(Loss) / Profit for the year before income tax	(23,584)	26,935
Adjustments for (loss) /Profit Before Income Tax:		
Depreciation	82,820	80,284
Financial charges	28,377	26,964
Changes in operating assets and liabilities :		
Accounts receivables	(52,583)	71,502
Inventory	17,553	4,767
Prepaid expenses and other receivables	1,625	(136)
Accounts payable	(9,443)	(20,686)
Deffered checks	3,242	(4,589)
Accrued expenses and other liabilities	(71,489)	6,873
Cash (used in) / available from operating activities	(23,482)	191,914
Finance charges paid	(28,377)	(26,964)
Net cash (used in) / available from operating activities	(51,859)	164,950
Investing Activities		
Changes in property and equipments	(11,991)	(61,558)
Net cash used in investing activities	(11,991)	(61,558)
Financing Activities		
Note receivables	30,750	45,050
Loans	(62,201)	(56,456)
Bank overdraft	84,910	44,739
Piad dividends	-	(138,000)
Net cash available from / (used in) financing activities	53,459	(104,667)
Net increase in cash and cash equivalents	(10,391)	(1,275)
Cash and cash equivalents, January1	10,955	12,230
Cash and cash equivalents, December31	564	10,955

The accompanying notes are an integral part of these financial statements

**AL-TAHDITH FOR REAL ESTATE INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)**

1. ORGANIZATION AND ACTIVITY

Al-Tahdith for real estate investments company("the Company") is a Jordanian limited public shareholding company, registered on October 22, 2006 with the Controller of Companies in the Ministry of Industry and Trade under the number (420). The Company was granted the right to commence operations on July 2, declared and paid up capital JD 2,300,000 divided into 2,300,000 shares, the value of each share is JD one.

The company registered the trade name "Diwan Zaman Restaurants" at the Commercial Names Registrar at the Ministry of Industry and Trade under No. 138299 on 9 January 2008.

The main objectives of the company are to invest in land and buildings and to develop, improve and trade them and to own projects and companies in whole or in part operating in different sectors according to the laws and regulations in Jordan..

The Company's headquarter is in Amman.

2. NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE:-

The following new standards and amendments to the standards have been issued but are not yet effective and the Company intends to adopt these standards, where applicable, when they become effective.

	<u>Effective Date</u>
<u>New Standards</u>	
(IFRS) No.9 – Financial Instruments	January 1,2018
(IFRS) No.15 – Revenue from Contract with Customers	January 1,2018
(IFRS) No.16 – Leases	January 1,2019

Board of directors of the company is expecting that the application of these standards and interpretations will not have a substantial impact on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements

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

The Basics of preparation

These financial statements , were presented in Jordanian Dinar as the majority of transactions recorded in Jordanian Dinar.

The financial statements have been prepared on the historical cost basis , However financial assets and financial liabilities are stated at fair value. The following is a summary of significant accounting policies applied by the company as follows :

**AL-TAHDITH FOR REAL ESTATE INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)**

Revenue recognition

Revenue from the sale of residential apartments is recognized when the sales agreement is signed with the buyer and the sale contract is signed.

Revenue from restaurants is recognized when the service is rendered to customers and the invoice is issued and is shown net of discount.

Expenses

General and administrative expenses include both direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales are made on a consistent basis when required.

Cash and cash equivalents

Cash and cash equivalent include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

Inventory

The goods are stated at the lower of cost or net realizable value and the cost is determined on a first in first out basis.

Accounts Receivables

Accounts receivable are stated at original amount less provision for any uncollectable amounts. An estimate for impairment of account receivable is made when there is a subjective evidence that the collection of the full amount is no longer probable.

Provision for Impairment of accounts receivable

The management estimated possibility of collection from the receivables and the allowance for doubtful debts provision has been estimated according to the previous experience and the prevailing economic environment.

Accounts Payable and Accrued Liabilities

Accounts payable are stated at the obligation amounts for received services and goods, whether billed by the suppliers or not.

Derecognition

The Company cancels the derecognizing the financial assets only when the contractual rights about the receipt of cash flows from the financial assets had ended, and substantially all the risks and benefits of the ownership that belong to another firm. In the case of the Company doesn't transfer or retain substantially the risks and benefits of the ownership and continues its control of the transferred assets, the Company in this case recognizes its share retained in the transferred assets and the related liabilities in the limits of the amounts expected to be paid. In the other case, when the Company retained substantially all risks and benefits of the ownership of the transferred assets, the Company will continue to recognize the financial assets.

**AL-TAHDITH FOR REAL ESTATE INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMAPNY)**

**NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)**

Investment in lands

Lands investments are stated at cost (In accordance with IAS 40) the standarad has given the company the choice of recording its investments at cost or at fair value, on the condition that there is no impediment to determine relaiably the exact value of the investments, and the the management has chosen to record the investments at cost.

Series Production

The cost of production of television series is recorded at cost. In general, production costs related to television series are considered as expenses. The costs related to the production of a specific television series that can be identified and distinguished, and the company has the ability to control them and provide future benefits for more than one year.

Projects Under Construction

Projects under construction consist of properties that are primarily developed for sale and are stated at cost or net realizable value. Cost includes all direct costs attributable to the design and construction of the property, including staff costs. Net realizable value is the estimated selling price in the normal course of business after deducting the variable selling costs.

Property and Equipments

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis except power plant and equipment and machinary (melting furnace) depreciation is calculated on production capacity basis, the depreciation percentage for the assets as follows:

	<u>Annual depreciation rate</u>
Buildings	2%
Electrical Devices	10%-15%
Furniture	10%-15%
Vehicles	15%
Decorates	10%-15%
Kitchen tools	10%-20%
Computer software and devices	25%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and depreciation period appropriate with the expected economic benefits of property and equipment.

**AL-TAHDITH FOR REAL ESTATE INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)**

Impairment in the Value of Non-Current Assets

On the date of each statement of financial position the company review the listed values for it's assets to specify if there is an indication to be decline losses of the value.if there is indication to that, the recovery value of the asset will be estimated to determine the loss of decline in the value if it be. In case , Inability to estimate the recovery value of specific asset.The Company estimate the recovery value for cash producing unit that related in the same asset .when there is ability to determine basis of distribution that is fixed and reasonable , the joint assets distribute to units producing of cash that related in the same asset . the joint assets distribute to specific cash producing unit or it distribute to specific cash producing unit or it distribute to smallest group from cash producing unit that it is able to determine basic fixed and resonable distribution for it.

The net realizable value is the fair value of asset minus the cost of sale or used value whichever is higher.

In case, the recovery value (or the cash producing unit) estimated to be lower than the carrying value , the carryig value for asset (or cash producing unit) is reduced to the recovery value. Losses of the decline recognized directly in the statement ofcomprehensive income except if the asset that is re-evaluted then it is recorded as losses of the decline as reduction from re-evaluation provision.

In case, Recovery losses for decline of the value, Increase the listed value of asset (or unit producing of cash) to the fair value of recovery as not to increase the adjusted listed value of asset (or unit producing of cash) as if it had not been calculating the losses of the value decline in the previous years. Record recovery of losses in value decline directly either in the profit or the loss except the asset had been recording in the re-evaluation value.In this case, record recovery of losses in value decline as increase in the re-evaluation provision.

Provisions

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

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow estimated to settle the present obligation.

Segment report

The business sector represents a collection of assets and operation engaged together in providing product or services subjected to risks and returns that are different from those of other business sectors, which are measured according to the reports that are used by the executive director and the main decision – makers in the Company.

Income tax

The Company is subject to the Income Tax Law for the year and its subsequent amendments and the regulations issued by the Income Tax Department in the Hashemite Kingdom of Jordan and provided on accrual basis, Income Tax is computed based on adjusted net income. According to International Accounting Standard number (12), the company may have deferred taxable assets resulting from the differences between the accounting value and tax value of the assets and liabilities related to the provisions, these assets are not shown in the financial statements since it's immaterial.

**AL-TAHDITH FOR REAL ESTATE INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)**

Leasing

Leases are classified as capital lease whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the comprehensive income statement on a straight-line basis over the term of the operating lease.

Use of estimates

The preparation of the financial statements and the application of accounting policies require management to make estimates and judgments that affect the amounts of financial assets and liabilities and disclose potential liabilities. These estimates and judgments also affect income, expenses and provisions, as well as changes in fair value that appear in the statement of income. The company management issue significant judgments and provisions to estimate the amounts of future cash flows and times, the estimates are necessarily based on assumptions and factors with varying degrees of judgment and uncertainty and actual results differ from estimates due to the changes resulting from the conditions and circumstances of those estimates in the future.

We believe that our estimates in the financial statements are reasonable and detailed as follows:

Provision for impairment of receivables where impairment provision review within the foundations established by the management and International Financial Reporting Standards and are allocated according to the foundations of the most stringent calculation.

- The management estimated useful lives of the adoption of the tangible assets periodically for the purposes of calculating depreciation provision for these assets and estimates of the expected useful lives in the future, and is taken impairment loss (if any) in the statement of comprehensive income.

AL-TAHDITH FOR REAL ESTATE INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

4 – PROPERTY AND EQUIPMENT

	January 1	Additions	Disposals	December 31
Cost:				
Lands*	971,952	-	-	971,952
Buildings	901,952	1,221	-	903,173
Electrical Devices	178,466	4,571	-	183,037
Furniture	181,542	2,412	-	183,954
Vehicles	26,150	-	-	26,150
Decorates	94,898	760	-	95,658
Kitchen tools	135,492	2,902	-	138,394
Computer software and devices	8,506	125	-	8,631
Total cost	2,498,958	11,991	-	2,510,949
Depreciation:				
Buildings	88,121	18,063	-	106,184
Electrical Devices	93,817	17,603	-	111,420
Furniture	104,402	19,883	-	124,285
Vehicles	23,100	3,050	-	26,150
Decorates	50,055	8,977	-	59,032
Kitchen tools	93,658	14,547	-	108,205
Computer software and devices	5,207	697	-	5,904
Total depreciation	458,360	82,820	-	541,180
Net book value January 1	2,040,598			
Net book value December 31				1,969,769

* The land of the restaurant is mortgaged is subject to real estate of the first and second class in return for facilities and loan granted to the company.

5. ACCOUNT RECEIVABLES

	2017	2016
Account receivables	24,419	25,679
Al-Yarmouk for Investments *	42,629	-
Due from related parties – Note (12)	26,025	14,811
Account receivables impairment provision	(13,623)	(13,623)
	79,450	26,867

*In accordance with the Board of Directors' decision No. (6/2017) dated 24 September 2017, the Company signed an investment contract for Diwan Zaman Restaurant with Al-Yarmouk Tourism Investment Company on October 1, 2017 for one calendar year renewable for an annual fee of 175,000 JD General Sales Tax.

6. INVESTMENT IN LANDS

This item consists of the following:

- Land No. (47) basin (2) of the land of Jerash and an area of (46) acres at a cost of JD (482,835), developed and equipped for sale and is mortgaged for banks in exchange for bank facilities.
- Land in the area of Rjm Safawi Monastery of the Cave of the land of Mafraq plot No. 306 Panel number 92, an area of (18) acres at a cost of JD (9,000) .

AL-TAHDITH FOR REAL ESTATE INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMAPNY)

NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

7. PREPAID EXPENSES AND OTHER RECEIVABLES

	2017	2016
Refundable deposits	2,417	2,770
Employee receivables	-	1,272
	<u>2,417</u>	<u>4,042</u>

8. CASH AND CASH EQUIVALENT

	2017	2016
Cash on hands	564	10,955
	<u>564</u>	<u>10,955</u>

9. RESERVES

Statutory reserve

In accordance with the Companies Law in the Hashemite Kingdome of Jordan and the Company's Article of Association, the Company has established a statuatry reserve by the appropriation of 10% of net income until the reserve equals 25% of the capital. However, the company may, with the approval of the General Assembly, continue this deduction untill this reserve is equal to the subscribed capital of the Company infull. This reserve is not available for dividend distribution.

Voluntary reserve

In accordance with the Companies' Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company can establish a voluntary reserve by and an appropriation of no more than 20% of net income. This reserve is available for dividends distribution till the approval of the Company's General Assembly.

10. ACCRUED EXPENSES AND OTHER LIABILITIES

	2017	2016
Accrued expenses	8,326	17,277
Accrued dividends	29,719	83,281
Social security deposits	294	2,562
Sales tax deposits	4,007	8,460
Income tax provision (Note -11)	-	2,255
Jordanian universities fees	4,869	4,869
	<u>47,215</u>	<u>118,704</u>

AL-TAHDITH FOR REAL ESTATE INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMAPNY)

NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

11. INCOME TAX

The change in income tax provision as December 31 as follows:

	2017	2016
Balance at January 1	2,255	13,240
Paid during the year	(2,255)	(13,240)
Provision for the year	-	2,255
Balance at December 31	-	2,255

A summary on the adjustment of the accounting profit and the tax profit:

	2017	2016
(Loss) / Profit	(23,584)	26,935
Add: rejected expenses	-	5,077
Deduct: untaxable revenues	-	-
Taxable income	(23,584)	32,012
Income Tax	-	6,402
Property tax expenses	-	(4,147)
Income tax for the year	-	2,255
Legal income tax rate	%20	%20
Actual income tax rate	%-	%8

Income tax was reviewed until 2011 by the Income and Sales Tax Department and for the years 2012, 2013 and 2014 were accepted according to the sampling system with the Income and Sales Tax Department. As for the year 2015, 2016 the self-assessment of the Income and Sales Tax Department was submitted and not reviewed by the Department Until the date of preparing the financial statements of the company.

AL-TAHDITH FOR REAL ESTATE INVESTMENTS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

12. TRANSACTIONS WITH RELATED PARTIES

Name	Relationship
Mr. Atef Al- Aqarabah	Chairman of Board of Directors
Mr. Sami Shraim	Member of Board of Directors
Mr. Mamduh Al-Zbun	Member of Board of Directors
Mr. Mahmoud Suliman	Member of Board of Directors

Due from related parties as of 31 december are as follows:

	2017	2016
Mr. Atef Al- Aqarabah	5,669	-
Mr. Sami Shraim	9,204	4,960
Mr. Mamduh Al-Zbun	11,118	9,851
Mr. Mahmoud Suliman	34	-
	<u>26,025</u>	<u>14,811</u>

13. LONG TERM LOAN

The company obtained a loan from the Bank of Jordan worth 300,000 JD. The process of disbursing the loan payments was determined in three stages as follows:

The first installment: The value of JD 100,000 was disbursed when signing the contract.

The second installment: the value of JD 150,000 was disbursed later and after the approval of the Real Estate Department of the Bank of Jordan to know the percentage of completion of the property to be built.

Third installment: worth 50,000 JD to buy furniture after the completion of the construction work in full.

The interest of the loan is 9.5% and 1% commission. The loan is repayable under 36 installments per month and according to the utilized value of the loan. The entire loan has been utilized up to the date of the financial statements, knowing that the utilized balance of the loan is only JD 100,000 until 31 December 2014 And the guarantee of the land of the restaurant and mortgage subject to a second-class property worth 300,000 dinars in addition to the personal guarantee of Mr. Atef Al-Aqarabah, Mahmoud Aqarabawi, Ahmed Akarabawi, Mamdouh client and Sami Shrim.

	2017	2016
Loan amount	97,878	160,079
Less: current portion	63,048	(63,048)
	<u>34,830</u>	<u>97,031</u>

AL-TAHDITH FOR REAL ESTATE INVESTMENTS COMPANY
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14. BANK OVERDRAFTS

- Bank of Jordan

The Company obtained a bank facility in the form of a current debtor amounted of 100,000 JD at an interest rate of 9.75% and a commission of 1% against renewal of a mortgage on the land of Restaurant No. 762, No. 10 of Abu Nseir lands.

- Al-Ahli Bank

The Company obtained a 100,000 JD contract with interest rate of 9.5% and commission of 1% against a mortgage on property 174 and 175 from the lands of Amran basin No.2 of the lands of Jerash.

Details of the balance of banks' accounts payable as of December 31 are as follows:

	2017	2016
Bank of Jordan	85,111	17,113
AL-Ahli Bank	50,075	33,163
	<u>135,186</u>	<u>50,276</u>

15. REVENUES FROM DIWAN ZAMAN RESTAURANT

	2017	2016
Food revenues	395,231	542,391
Drinks and hooka revenues	142,041	198,929
Children's Games and Bazaar revenues	2,789	3,361
Concerts revenues	57,401	87,162
	<u>597,462</u>	<u>831,843</u>

16. COST OF REVENUES (DIWAN ZAMAN RESTAURANT)

	2017	2016
Cost of food	162,875	192,214
Cost of drinks	45,886	61,875
Salaries ,wages and related other benefits	205,773	280,532
Depreciation	81,649	78,641
Vehicles expenses	2,218	2,410
Expenses of theatre shows and band	7,850	8,766
Maintenace	8,957	14,901
Stationary and printings	598	1,582
Fees, lincenses, subscriptions and telephone	10,164	11,280
Advertising	9,439	15,325
Water, electricity and fuel	55,276	68,143
Cleaning	12,253	17,914
Professional fees	6,000	6,000
Others	8,600	10,707
	<u>617,538</u>	<u>770,290</u>

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17. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Salaries ,wages and related other benefits	7,200	7,200
Depreciation	1,171	1,643
Telephone and post	65	512
Water, electricity	670	610
Professional fees	3,990	3,515
Fees, licenses and subscriptions	1,295	1,800
Others	2,732	1,252
	<u>17,123</u>	<u>16,532</u>

18. REVENUE FROM THE INVESTMENT CONTRACT OF DIWAN ZAMAN RESTAURANT

It represents the value of the revenues resulting from the investment contract of Diwan Zaman Restaurant for Yarmouk Tourism Investment Company amounted of 175,000 JD per annum, including the general sales tax from 1 October 2017 to 30 September 2018

19. FINANCIAL INSTRUMENTS

Share Capital Risks Management

The Company manages its capital to make sure that the Company will continue when it is take the highest return by the best limit for debts and owners' equity balances the Company overall strategy did not change from 2016.

Structuring of Company's capital includes debt which includes borrowing (note -13), and the owners' equity in the Company which includes share capital, statutory reserve, and accumulated losses and partner's current account as it listed in the changes in owners' equity statement.

Financial risks management

Company activities could mainly be exposed to financial risks that arising from the following

Foreign currencies risks management

The company is not exposed to significant risks related to foreign currency price changes, so there is no need to effective management for this exposure.

Interest rate risk

The Company is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, interest bearing loans and borrowings).

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

Credit risk

Credit risk is defined as the risk that one party of 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 looks forward to reduce the credit risk by maintaining a proper control over the customer's credit limits and collection process and take provisions for doubtful accounts.

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Liquidity risk

Are the risks of inability to pay the financial obligations that were settled by receiving cash or another financial asset. Liquidity risk management by control on cash flows and comparing them with maturities of assets and financial liabilities.

The following table represents the contractual eligibilities to non-derivative financial liabilities.

The table has prepared on the non-deducted cash flows for the financial liabilities basis according to the early due dates that may required from the Company to pay or receive.

The table below contains cash flows for major amounts and interests.

	Interest rate	Year or less	More than a year	Total
December 31, 2017				
Instruments without interest	-	90,953	-	90,953
Instruments with interest	%9.5	198,234	34,830	233,064
Total		289,187	34,830	324,017
December 31, 2016				
Instruments without interest	-	168,643	-	168,643
Instruments with interest	%9.5	150,276	60,079	210,355
Total		318,919	60,079	378,998

20. SEGMENTAL ANALYSIS OF THE COMPANY'S ACTIVITY

The Company works in the main work sector, and the Company work in one geographic sector is the Hashemite kingdom of Jordan.

The details of revenue and profit of the Company's operating sector are as follows:-

	Segment revenues		Profit Segment	
	2017	2016	2017	2016
Food and drinks sector (Diwan Zaman Restaurant)	579,462	831,843	(23,584)	24,680
Investments in real estate Sector	-	-	-	-
Total	579,462	831,843	(23,584)	24,680

The total assets and liabilities of the Company are as follows:-

	Segment assets		Segment liabilities	
	2017	2016	2017	2016
Food and drinks sector(Diwan Zaman Restaurant)	2,052,200	2,100,015	324,017	378,998
Series production Sector	21,000	21,000	-	-
investments in real estate Sector	683,135	713,885	-	-
Total	2,756,335	2,834,900	324,017	378,998

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issuance on February 8, 2018.