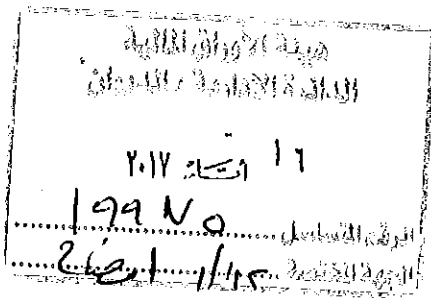


لا يسري
١٥/٥/٢٠١٧
٢٢٢

الرقم: 93/1/2/102

<p>To: Jordan Securities Commission</p> <p>Date: 14/05/2017</p> <p>Subject: <u>Quarterly Report as of 31/12/2016</u></p>	<p>السادة هيئة الأوراق المالية</p> <p>التاريخ: 2017/05/14</p> <p>الموضوع: <u>التقرير السنوي كما هي في 2016/12/31</u></p>
<p>Attached the Quarterly Report of Jordan International Investment Co. as of 31/12/2016</p> <p>In English.</p>	<p>مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة الأردن الدولية للاستثمار كما هي بتاريخ 2016/12/31. باللغة الانجليزية.</p>
<p>Kindly accept our highly appreciation and respect</p> <p>Jordan International Investment Co.</p>	<p>وتفضلوا بقبول فائق الاحترام...</p> <p> معاينة كامي حو شركة الأردن الدولية للاستثمار</p>



JORDAN INTERNATIONAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
TOGETHER WITH THE
INDEPENDENT AUDITORS' REPORT

JORDAN INTERNATIONAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2016

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 4
Consolidated Statement of Financial Position	5
Consolidated Statement of Income	6
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Changes In Shareholders' Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10 - 29

Independent Auditor's Report

AM/ 81448

To the Shareholders of
Jordan International Investment Company
Public Shareholding Limited Company
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jordan International Investment Company (Public Shareholding Limited Company), "the Company", which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of income and other comprehensive income, consolidated statement of changes in shareholder's equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the other ethical requirements that are relevant to our audit of the Bank's consolidated financial statements in Jordan, 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, in our professional judgment, are the most significant matters 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 Investments Property

Investments Property represents 86 % of the Company's assets. Moreover, the Company should reevaluate its properties when preparing the consolidated financial statements to determine their fair value, and reverse the impact of any impairment in value in the consolidated statement of income, in line with the requirements of the International Financial Reporting Standards. Accordingly, the Company relies on independent real estate experts to determine the fair value of those investments and reverse any impairments in their value in the consolidated statement of income for that period. Consequently, fair value estimation of these assets was significant matter to our audit.

Audit Scope to Address the Risk

The followed audit procedures include understanding the procedures applied by the Company in evaluating investments 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 value in the consolidated statement of income, if any, and reviewing the appropriateness of the disclosure on the fair value of investment property.

Other Information

Management is responsible for other information which comprises information in the annual report excluding the consolidated financial statements and the independent auditor's thereon. Furthermore, we expect the annual audit to be made available to us after the date of our audit report. Our opinion on the consolidated financial statements does not cover other information, and we do not express any form of assurance or 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. In doing so, we 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 the consolidated financial statements in accordance with IFRS, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



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

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure 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 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 financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.



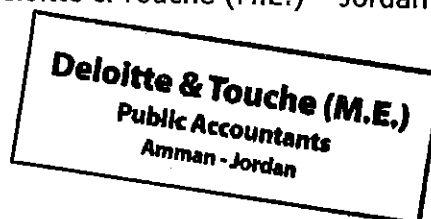
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

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

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.

Amman – Jordan
February 5, 2017


Deloitte & Touche (M.E.) – Jordan



JORDAN INTERNATIONAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2016

	Note	December 31,	
		2016	2015
		JD	JD
ASSETS			
<u>Current assets</u>			
Cash on hand and at banks	5	1,083,167	850,106
Short-term checks under collection	6	10,000	57,000
Financial assets at fair value through other comprehensive Income	7	21,436	27,218
Accounts receivable and other debit balances	8	91,293	98,133
Due from related parties	16	6,228	4,786
Total current assets		1,212,124	1,037,243
<u>Non-current assets</u>			
Long-term checks under collection	6	-	10,000
Investment property - net	9	8,190,315	8,395,520
Deferred tax assets	12/b	29,256	35,918
Fixed Assets:			
Fixed assets - at cost		117,045	116,652
Accumulated depreciation		86,706	83,031
Net Book Value of Fixed Assets	10	30,339	33,621
Total non-current assets		8,249,910	8,475,059
TOTAL ASSETS		9,462,034	9,512,302
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>Current liabilities</u>			
Trade payables and other credit balances	11	111,908	158,208
Total current liabilities		111,908	158,208
<u>Shareholders' Equity</u>			
Paid-up capital		10,000,000	10,000,000
Statutory reserve		29,806	28,958
Special reserve		2,225	2,225
Financial assets fair value reserve		(9,252)	(4,626)
Accumulated (losses)		(672,653)	(672,463)
Total shareholders' equity		9,350,126	9,354,094
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,462,034	9,512,302

Chairman of the Board of Directors

General Manager

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them and with the accompanying auditors' report.

JORDAN INTERNATIONAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENTS OF INCOME

	Note	For the Year Ended December 31,	
		2016	2015
		JD	JD
Rent revenue – net		17,210	19,182
Gain from sale of Investments property	9	111,971	155,302
Reversal of Investment property Impairment	9	18,708	-
<u>Add:</u> Other (loss)-net	13	(4,157)	(4,967)
Interest revenue		26,026	26,004
<u>Less:</u> General and administrative expenses	14	(161,282)	(167,872)
Provision for doubtful debts	8	-	(5,990)
Lawsuits provision		-	(5,449)
Income before tax		8,476	16,210
<u>Less:</u> Income tax (expense) benefit	12/A	(7,818)	3,022
Net Income		658	19,232
Earnings per Share (Basic and Diluted)	15	0/00010	0/0019

Chairman of the Board of Directors

General Manager

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them and with the accompanying auditors' report.

JORDAN INTERNATIONAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the Year Ended December 31,	
		2016	2015
		JD	JD
Income for the year		658	19,232
<u>Comprehensive Income Items:</u>			
<u>Items that may not be reclassified subsequently</u> <u>to consolidated statement of income:</u>			
Net change In financial assets fair value reserve		<u>(4,626)</u>	<u>(4,626)</u>
Total Comprehensive (Loss) / Income for the Year		<u>(3,968)</u>	<u>14,606</u>

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them and with the accompanying auditors' report.

JORDAN INTERNATIONAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)

AMMAN – JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid-Up Capital	Statutory Reserve	Special Reserve	Financial Assets Fair Value Reserve	Accumulated (Losses)	Total
	JD	JD	JD	JD	JD	JD
For the Year Ended December 31, 2016						
Balance - beginning of the year	10,000,000	28,958	2,225	(4,626)	(672,463)	9,354,094
Net income for the year	-	-	-	-	658	658
Change in fair value reserve	-	-	-	(4,626)	-	(4,626)
Total comprehensive (loss) for the year	-	-	-	(4,626)	658	(3,968)
Transfer to statutory reserve	-	848	-	-	(848)	-
Balance - End of the Year	10,000,000	29,806	2,225	(9,252)	(672,653)	9,350,126
For the Year Ended December 31, 2015						
Balance - beginning of the year	10,000,000	27,337	2,225	-	(690,074)	9,339,488
Net income for the year	-	-	-	-	19,232	19,232
Change in fair value reserve	-	-	-	(4,626)	-	(4,626)
Total comprehensive income for the year	-	-	-	(4,626)	19,232	14,606
Transfer to statutory reserve	-	1,621	-	-	(1,621)	-
Balance - End of the Year	10,000,000	28,958	2,225	(4,626)	(672,463)	9,354,094

- Accumulated losses include a restricted amount of JD 29,256 against deferred tax assets as of December 31, 2016.

- Financial assets fair value reserve with a negative amount of JD 9,252 is restricted and may not be utilized as instructed by Jordan Securities Commission.

**The accompanying notes constitute an integral part of these consolidated financial statements
and should be read with them and with the accompanying auditors' report.**

JORDAN INTERNATIONAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31,	
		2016	2015
		JD	JD
Cash Flows from Operating Activities			
Income for the year before income tax		8,476	16,210
Adjustments for:			
Interest revenue		(26,026)	(26,004)
Depreciation of fixed assets and investment property		17,145	19,331
(Gain) from sale of Investments property	9	(111,971)	(155,302)
(Reversal) of investment property impairment	9	(18,708)	-
Cash Flows (used in) Operations before Changes in Working Capital		(131,084)	(145,765)
Decrease (increase) in checks under collection		57,000	(58,000)
Decrease in accounts receivable and other debit balances		6,840	2,213
(Increase) In due from related parties		(1,442)	(4,268)
(Decrease) In accounts payable and other credit balances		(46,300)	(40,456)
(Decrease) In due to related parties		-	(1,032)
Net Cash Flows (used in) Operating Activities		(114,986)	(247,308)
Cash Flows from Investing Activities			
Proceeds from sale of Investment property	9	378,000	452,000
(Acquisition) of Investment property	9	(55,586)	(77,154)
(Acquisition) of fixed assets		(393)	(2,569)
Proceeds from sale of Investment property		26,026	21,789
Net Cash Flows from Investing Activities		348,047	394,066
Net Increase in Cash		233,061	146,758
Cash on hand at and banks - beginning of the year		850,106	703,348
Cash on Hand and at Banks - End of the Year	5	1,083,167	850,106

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them and with the accompanying auditors' report.

JORDAN INTERNATIONAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
(AMMAN – JORDAN)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General

- a. Jordan International Investment Company (subsequently herein referred to as "the Company") was established as a Jordanian public shareholding company and registered at the Companies Control Department under Number (412) on July 13, 2006. The Company is the result of the merger between Jordan International Industries Company, a public shareholding limited company, and the Jordan International Company for Tourism and Real Estate Investments, a limited liability company. The Company's paid-up capital is JD 10 million, represented by 10 million shares at a par value of one Jordanian Dinar per share.
- Jordan International Insurance Company has 90.58% ownership of the Company's shares.
- b. The Company's main objectives are the following:
- Acquiring land and establishing industrial projects, crafts estates, housing cities, touristic hotels and residential buildings.
 - Dealing in movable and immovable properties according to the applicable laws and regulations.
 - Obtaining and implementing commercial agencies and carrying out brokerage activities.
 - Importing, exporting, marketing and distributing all types of commodities by all means.
 - Establishing, purchasing, and fully or partially owning any company, corporation, goodwill, or trade name, whether local or international; and establishing and licensing car park lots.
- d. The Company's Board of Directors approved the consolidated financial statements for the year ended December 31, 2016 in their meeting held on January 25, 2017.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Company and its subsidiary are prepared in accordance with International Financial Reporting Standards (IFRS) as Issued by International Accounting Standards Board (IASB) and their related interpretations.

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets at fair value through the Income statement. These assets are stated at fair value as of the consolidated financial statements date.

The reporting currency of the consolidated financial statements of the Company and its subsidiary is the Jordanian Dinar, which is the functional currency.

2. Basis of Preparation (Continued)

Basis of Consolidation

The accompanying consolidated financial statements comprise the financial statements of the Company and its subsidiary after eliminating inter-company transactions and balances:

	Paid up Capital	Percentage Ownership	Principal Activity	Place of Activity	Date of Ownership
	JD	%			
Telal Salem Industrial and Real Estate Company	150,000	100	Industrial/ Real Estate	Amman	2012

The most significant financial information for the subsidiary company for the year 2016 is as follows:

Company's Name	As of December 31, 2016		For the Year Ended December 31, 2016	
	Total Assets	Total Liability	Revenue	Expenses
	JD	JD	JD	JD
Telal Salem Industrial and Real Estate Company	625,150	476,975	-	3,600

- The results of the subsidiary are incorporated into the consolidated statement of income from the effective date of acquisition (establishment), which is the date on which actual control over the subsidiary is assumed by the Company. Moreover, the operating results of the disposed of subsidiary are incorporated into the consolidated statement of income up to the effective date of disposal, which is the date on which the Company loses control over the subsidiary.
- The financial statements of the subsidiaries are prepared for the same year of the parent company using the same accounting policies adopted by Jordan International Investment Company. If the accounting policies adopted by the subsidiary are different from those adopted by the parent Company, the necessary adjustments to the financial statements of the subsidiary are made to comply with the accounting policies used by the parent company.

The financial policies adopted in the preparation of the consolidated financial statements are consistent with those used for the year ended December 31, 2015, except for the affect of applying the new and revised financial statements as stated in Note (4-A) below.

The following are the most significant accounting policies adopted by the Company:

Summary of Significant Accounting Policies

a. Investments Property

Investments property are stated at cost less accumulated depreciation and any impairment in their value. The market value of these investments are disclosed. Moreover, they are depreciated over their useful life at an annual rate of 2%, and any impairment in their fair value is taken to the consolidated statement of income. Additionally, the operating income and expenses of these investments are taken to the consolidated statement of income.

If the fair value of a investment property for which an impairment provision was taken in prior periods increases, the previous impairment is recovered in an amount not exceeding cost.

b. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Moreover, depreciation is calculated (except for land) when the assets are ready for use on the straight-line basis over the estimated useful lives of these assets at annual rates ranging from 2% to 20%.

When the carrying amounts of property and equipment exceed their recoverable values, assets are written down, and impairment losses are 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 estimate.

Property and equipment are derecognized when disposed of or when there is no expected future benefit from their use.

c. Financial Assets at Fair Value Through Comprehensive Income

Upon initial recognition of investments in equity instruments, not held for trading, an irrevocable option may be adopted to present all the changes in the fair value of these investments individually (each share separately) within the other comprehensive income. Under no circumstance, at a subsequent date, may the amounts of these changes, recognized in the statement of comprehensive income, may be classified into profit or loss.

These financial assets are recognized at fair value plus transaction costs. Subsequently, they are measured at fair value with the gains and losses arising from changes in fair value recognized in the consolidated statement of other 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 thereof is recognized in the consolidated statement of comprehensive income and within shareholders' equity. Moreover, the reserve balance of the revaluation of investments in the sold equity instruments is transferred directly to retained earnings/accumulated losses not through the consolidated statement of income.

Dividends revenue is recorded in the consolidated statement of income unless these dividends clearly represent a partial recovery for all the investments.

d. Date of Financial Assets Recognition

Financial assets are recognized at the date of trade (the date the Company is liable to sell or purchase financial assets).

e. Impairment in Financial Assets

The Company's management reviews the values of financial assets recorded at 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 indication exists, the recoverable value is estimated to determine the impairment loss.

Impairment value is determined as follows:

Impairment of financial assets at amortized cost:

The impairment represents the difference between the recorded book value and the present value of expected cash flows discounted at the original interest rate.

f. Fair Value

The closing prices at the date of the consolidated financial statements in active markets represents the fair value of the financial instruments and derivatives that have market prices

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 present market value of a very similar financial instrument.
- Analysis of future cash flows and expected discounted cash flows at a rate used for a similar financial instrument.
- Adoption of pricing models.

The evaluation methods aim at obtaining a fair value that reflects market expectations. They take into consideration market factors and any expected risks or benefits when estimating the value of financial assets. In case there are financial assets whose fair value cannot be measured reliably, they are stated at cost net of any related impairment.

g. Rent Revenue

Revenue from rent of the investment property with operating rent contracts is recognized in accordance with the straight-line method and calculated over the life of the contract. Other expenses are recognized based on the accrual basis of accounting.

h. Income Tax

Income tax expenses represent accrued taxes and deferred taxes.

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

Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions in Jordan.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated based on the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

Deferred tax assets are reviewed as of the date of the consolidated financial statements, and reduced in case it is expected that no benefit will arise there from, partially or totally.

i. Accounts Receivable

Accounts receivable are presented at net realizable value less allowance for doubtful accounts.

j. Foreign Currencies

In preparing the consolidated financial statements of the Company, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each consolidated financial statements date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the date of the consolidated financial statements.

k. Provisions

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

l. Offsetting

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

3. Accounting Estimates

Preparation of the consolidated financial statements and application of the accounting policies require the Company's management to perform assessments and assumptions that affect the amounts of financial assets and financial liabilities and the disclosure of contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, and provisions, shown within the consolidated statement of comprehensive income. In particular, this requires the Company's 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.

The Company's management believes that critical judgments and estimates in the consolidated financial statements are reasonable and mainly include the following:

- A provision for doubtful debts is calculated based on estimates and assumptions approved by the Company's management for estimating the required provision according to International Financial Reporting Standards.
- The Company's management periodically reviews tangible assets for the purpose of calculating annual depreciation based on their general condition and expected future economic benefits. Moreover, any related impairment loss is taken to the consolidated statement of income.

- Investment property is valued by independent real estate experts, and its fair value is disclosed in the consolidated financial statements.
- The income tax expense is recognized according to the prevailing laws and regulations. Accordingly, an income tax provision is taken.
- A provision for lawsuits raised against the Company is taken. This provision is based on a legal study prepared by the Company's legal advisor. Moreover, the study highlights potential risks that the Company may encounter in the future. Such legal assessments are reviewed periodically.
- The Company periodically reviews financial assets presented at cost to estimate any impairment in their value. The impairment is taken to the consolidated statement of income.
- Fair Value hierarchy: the Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in the IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

4. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

4. a. New and revised IFRSs applied with no material effect on the consolidated financial statements:

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2016, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IAS 1 Presentation of consolidated Financial Statements relating to Disclosure Initiative
- Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27 Separate consolidated Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in consolidated financial statements
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities
- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

4. b. New and revised IFRSs in issue but not yet effective and not early adopted

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

<u>New and Revised IFRSs</u>	<u>Effective for Annual Periods Beginning on or After</u>
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018, the amendment to IFRS 12 for annual periods beginning on or after January 1, 2017
Amendments to IAS 12 <i>Income Taxes</i> relating to the recognition of deferred tax assets for unrealized losses	January 1, 2017
Amendments to IAS 7 <i>Statement of Cash Flows</i> to provide disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities.	January 1, 2017
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i> The Interpretation addresses foreign currency transactions or parts of transactions where: <ul style="list-style-type: none"> • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary. 	January 1, 2018
Amendments to IFRS 2 <i>Share Based Payment</i> regarding classification and measurement of share based payment transactions	January 1, 2018
Amendments to IFRS 4 <i>Insurance Contracts</i> : Relating to the different effective dates of IFRS 9 and the forthcoming new Insurance contracts standard.	January 1, 2018
Amendments to IAS 40 <i>Investment Property</i> : Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	January 1, 2018
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 <i>Financial Instruments: Disclosures</i> relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied

8. Account Receivable and Other Debit Balances

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Trade receivables*	60,904	60,645
Employees receivable	309	613
Refundable deposits	73,190	76,441
Prepaid expenses	4,303	4,960
Accrued interest	1,328	4,215
	<u>140,034</u>	<u>146,874</u>
<u>Less: Provision for doubtful debts</u>	<u>(48,741)</u>	<u>(48,741)</u>
	<u>91,293</u>	<u>98,133</u>

- * These receivables represent an amount of JD 48,410 that is due as of December 31, 2016, and aging more than one-year. Moreover, a related provision for doubtful debts is calculated based on management's estimates.
- The movement on the provision for doubtful debts during the year was as follows:

	2016	2015
	JD	JD
Balance at the beginning of the year	48,741	42,751
Additions	-	5,990
Balance at year-end	<u>48,741</u>	<u>48,741</u>

9. Investment Property - Net

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Land	7,637,796	7,848,005
Buildings	467,119	467,119
Apartments	120,697	120,697
Wadi Saqra office	88,433	88,433
	<u>8,314,045</u>	<u>8,524,254</u>
<u>Less: Accumulated depreciation</u>	<u>(117,604)</u>	<u>(103,900)</u>
Impairment in of investments property*	<u>(6,126)</u>	<u>(24,834)</u>
	<u>8,190,315</u>	<u>8,395,520</u>

- * The movement on the impairment provision of investment property is as follows:

	2016	2015
	JD	JD
Balance at the beginning of the year	24,834	24,834
Reversal during the year	<u>(18,708)</u>	<u>-</u>
Balance at year-end	<u>6,126</u>	<u>24,834</u>

- b- Investment property has been reevaluated by two accredited real estate appraisers. The estimated average market value amounted to JD 10,757,579 according to the latest available real estate evaluation dated June 30, 2016, and for Al Qastal lands dated December 31, 2015. Moreover, the fair value of the investment property has been compared to the market value of other similar investment properties.
- During the year 2016, land at a cost of JD 247,321 was sold for JD 378,000. This resulted in a gain representing the recovery of impairment in investment property of JD 18,708 and a gain on the disposal of investment property of JD 111,971, recorded in the consolidated statement of income (JD 155,302 JD for the year 2015).
 - During the year, a plot of land in the Halabat area was purchased for JD 55,586.

10. Property and Equipment

The details of this item are as follows:

<u>Cost</u>	<u>Buildings</u>	<u>Devices and Equipment</u>	<u>Furniture and Fixtures</u>	<u>Vehicles</u>	<u>Posters and Water Well</u>	<u>Total</u>
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	28,710	31,469	7,786	41,623	7,064	116,652
Additions	-	393	-	-	-	393
Balance at year-end	28,710	31,862	7,786	41,623	7,064	117,045
<u>Accumulated Depreciation</u>						
Balance at the beginning of year	5,495	24,997	5,858	41,621	5,060	83,031
Additions	575	1,998	568	-	534	3,675
Balance at year-end	6,070	26,995	6,426	41,621	5,594	86,706
Net Book Value as of						
December 31, 2016	22,640	4,867	1,360	2	1,470	30,339
<u>Cost</u>						
Balance at the beginning of the year	28,710	30,698	7,786	41,623	5,266	114,083
Additions	-	771	-	-	1,798	2,569
Balance at year-end	28,710	31,469	7,786	41,623	7,064	116,652
<u>Accumulated Depreciation</u>						
Balance at the beginning of year	4,921	21,182	5,084	41,621	4,466	77,274
Additions	574	3,815	774	-	594	5,757
Balance at year-end	5,495	24,997	5,858	41,621	5,060	83,031
Net Book Value as of						
December 31, 2015	23,215	6,472	1,928	2	2,004	33,621
Annual Depreciation Rate %	2	5-10	10	15	10-20	

Fully depreciated property and equipment amounted to JD 42,272 as of December 31, 2016 (JD 42,272 as of December 31, 2015).

11 . Trade Payables and Other Credit Balances

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Water accrued expenses*	18,991	45,991
Accounts payable	5,127	7,478
Unearned revenue	6,133	4,584
End-of-service indemnity provision	-	20,383
Contingent liabilities**	68,500	68,500
Accrued expenses	7,708	5,823
Lawsuits provision	5,449	5,449
	<u>111,908</u>	<u>158,208</u>

* This item represents water accrued expenses estimated by management for any additional claims by the Water Authority. It is due to the dispute over the classification - industrial or agricultural- of Halabat land used by the Company for planting and producing olives.

** This item represents the Free Zone Corporation's financial claims of JD 68,500, comprising service fees, operational cost, and penalties related to buildings owned by the Company in the Halabat industrial zone. Consequently, the Company filed a lawsuit to preclude a claim at Amman Court of First Instance. The case is presently before the court, pending the exchange of claim statements.

12. Income Tax

a. Income Tax Provision

A settlement has been reached with the Income and Sales Tax Department up to the end of the year 2014, for the owning Company Jordan International Investment Company.

The Company submitted its income tax returns from inception for the years 2008 and 2009 for the years. However, the returns have not yet been reviewed by the Income and Sales Tax Department, and no final decision has been issued until the date of the report for Talal Salem Real Estate Company (a subsidiary). The Company has reached a final settlement for its tax position for the years from 2010 till 2014.

In the opinion of the Company's management and its tax consultant, no provision is required, as the company incurred tax acceptable accumulated losses.

Tax surplus / income tax in the consolidated income statement represents the following:

	2016	2015
	JD	JD
Net deferred tax assets	(7,818)	3,022
	(7,818)	3,022

b. Deferred Tax Assets

This item consists of the following:

	December 31,					
	2016		2015			
	Balance – Beginning of the Year	Released Amounts	Additions	Balance – End of the Year	Deferred Tax	
	JD	JD	JD	JD	JD	JD
Provision for doubtful debts	48,741	-	-	48,741	9,748	9,748
Impairment in investments property	24,834	(18,708)	-	6,126	1,226	4,967
Impairment in the value of the change in financial assets through profit or loss	5,900	-	-	5,900	1,180	1,180
Impairment in the value of the change in financial assets through other comprehensive income	5,782	-	5,782	11,564	2,312	1,156
Provision for contingent liabilities	68,500	-	-	68,500	13,700	13,700
Provision for lawsuits	5,449	-	-	5,449	1,090	1,090
End-of-service indemnity provision	20,384	(22,829)	2,445	-	-	4,077
	179,590	(41,537)	8,227	146,280	29,256	35,918

- The movement on deferred tax assets was as follow:

	2016	2015
	JD	JD
Balance – beginning of the year	35,918	31,740
Additions	1,645	4,178
Disposals	(8,307)	-
Balance – End of the Year	29,256	35,918

13. Other Losses - Net

This Item consists of the following:

	2016	2015
	JD	JD
Net farm (loss)	(10,406)	(10,682)
Other	6,249	5,715
	4,157	(4,967)

14. General and Administrative Expenses

This item consists of the following:

	2016	2015
	JD	JD
Salaries and employee benefits	81,063	85,101
The Company's share of social security	5,165	4,827
Taxes and fees	14,704	13,934
Telecommunication and mail	1,446	1,538
Hospitality	1,783	599
The Company's car expense	389	1,436
Office supplies	1,668	1,429
Cleaning	-	191
Insurance	5,493	6,004
Consulting	5,478	6,136
Travel	1,153	85
Professional fees	12,760	10,449
Fixed assets and Investment property depreciation expense	14,379	19,331
Marketing and advertising	3,465	3,117
Electricity and Water	2,291	2,785
Maintenance	542	2,739
Subscriptions	625	625
Bank charges	310	245
Others	5,568	7,301
	161,282	167,872

15. Earning per Share for the Year

Earnings per share is calculated by dividing the profit for the year over the weighted average number of shares during the year as follows:

	2016	2015
	JD	JD
Profit for the year	658	19,232
	Shares	Shares
Weighted average number of share	10,000,000	10,000,000
	JD/Share	JD/Share
Earnings per Share (Basic and Diluted)	0/00010	0/0019

16. Related Parties Balances and Transactions

The balances and transactions with related parties for the year were as follows:

Consolidated Financial Position Items:

	December 31, 2016		December 31, 2015	
	Due from	Due to	Due from	Due to
	JD	JD	JD	JD
Jordan International Insurance Company (Parent Company) United Group for Management and Investments (A Company owned by one of the Board Of Directors	6,228	-	4,022	-
	-	-	764	-
	<u>6,228</u>	<u>-</u>	<u>4,786</u>	<u>-</u>

Consolidated Statement of Income and Other Comprehensive Income Items:

	December 31,			
	2016		2015	
	Revenues	Expenses	Revenues	Expenses
	JD	JD	JD	JD
Jordan International Insurance Company (Parent Company)	5,500	4,965	3,666	3,437
	<u>5,500</u>	<u>4,965</u>	<u>3,666</u>	<u>3,437</u>

Salaries and bonuses of Executive Management

The salaries and bonuses of executive management amounted to JD 47,358 for the year ended December 31, 2016 (JD 58,787 for the year ended December 31, 2015).

17. Risk Management

a. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to equity holders as well as other stakeholders through optimizing the debt to equity ratio. No changes have been made to the policies since 2015.

The Company adopts a policy of maintaining a reasonable debt-to-equity ratio (calculated by dividing total debts by total equity).

b. Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet its commitments. The Company manages liquidity risk by maintaining adequate reserves, continuously monitoring actual cash flows, and matching the maturities of financial assets and financial liabilities. Furthermore, a portion of the Company's funds is invested in cash bank balances which are readily available to meet short- and medium-term funding and liquidity management requirements.

c. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing with only creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Management believes that credit risk is not material.

d. Market risk

Market risks refers to the losses that might arise from the changes in market prices such as changes in interest rates, foreign currency prices, and prices of equity instruments, and consequently, the fair value of cash flows for financial instruments on- and off-the consolidated statement of financial position.

The following table summarizes the effect of the increase (decrease) in Amman Financial Market Index by 5% over the fair value of the financial assets at fair value through other comprehensive income. This is reflected in the statement of equity as of the statement of financial position date. The sensitivity analysis has been prepared on the assumption that the prices of shares move at the same rate of change of the market index:

	+ 5%		- 5%	
	December 31,		December 31,	
	2016	2015	2016	2015
	JD	JD	JD	JD
<u>Statement of Income</u>	1,360	1,360	(1,360)	(1,360)

	+ 5%		- 5%	
	December 31,		December 31,	
	2016	2015	2016	2015
	JD	JD	JD	JD
<u>Sharholders' Equity</u>	1,360	1,360	(1,360)	(1,360)

The Company is not exposed to the risk of fluctuations in foreign currencies exchange rates, as the settlements with clients are made in the local currency. As of the date of the consolidated statement of financial position, the Company did not have any assets in foreign currency, and management believes that the currency risk is immaterial.

e. Foreign currency risk

The Company's major foreign currency transactions are denominated in JD. The Company's currency risk relates to changes in exchange rates applicable to the settlements in foreign currencies. However, as the Jordanian Dinar (the Company's functional currency) is pegged to the US Dollar, the Company's management believes that the foreign currency risk is minimal.

f. 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.

The Company manages its exposure to interest rate risk continuously and revalues various options such as refinancing, renewal of current positions, alternative financing.

The Company has deposits at banks and monitors market interest rates periodically to determine the feasibility of investing in those deposits. The following is the impact of the increase (decrease) in interest rates on the profit from those investments at the date of the consolidated financial statements:

	2016		2015	
	0.5%	(0.5%)	0.5%	(0.5%)
	JD	JD	JD	JD
Deposits	5,368	(5,368)	4,210	(4,210)

18. Contingent Liabilities

- a- As of the consolidated financial statements date, the Company had contingent liabilities representing bank letters of guarantee of JD 10,000.
- b- A claim amount of JD 68,500 has been lodged against the Company by the Free Zone Corporation. The claim represents service fees, operational costs, and penalties related to the Company-owned buildings in Halabat industrial zone. Consequently, the Company has filed a lawsuit to preclude a claim at Amman Court of First Instance. The case is presently before the court, pending the exchange of the claims statements. In addition, another lawsuit of JD 2,575 is presently before the court, pending presentation of proofs. In the opinion of the Company's management and its legal consultant, the Company will not incur any amounts in excess of the provisions taken as of December 31, 2016.

19 Fair Value Hierarchy

a. The Fair value of financial assets and financial liabilities of the company specified at fair value on an ongoing basis

Some financial assets and financial liabilities of the company are evaluated at fair value at the end of each fiscal period. The following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used):

Financial Assets / Financial Liabilities	Fair Value as of December 31		The Level of Fair Value	Valuation Technique	Significant Unobservable Inputs	Relationship of Unobservable Inputs to fair Value
	2016 JD	2015 JD				
Financial assets at fair value						
Financial assets at fair value through other comprehensive income	21,436	27,218	Level 2	Discuonted Cash Flow	Doesn't Apply	Doesn't Apply
Total	21,436	27,218				

There were transfers between Level 1 and 2 during the year 2016. However, there were no transfers during the year 2015.

b. The fair value of financial assets and financial liabilities of the company (non-specific fair value on an ongoing basis):

Except for what is detailed in the following table, we believe that the carrying amount of financial assets and financial liabilities shown in the Company's consolidated financial statements approximate their fair value. This is due to the short-term maturity of financial assets and that their interest rates are repriced during the year.

Financial Assets / Financial Liabilities	Fair Value as of December 31, 2016		Fair Value as of December 31, 2015		Fair Value Hierarchy
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Financial assets at fair value					
Deposits at bank	1,073,658	1,073,658	841,976	846,193	Level 2
Investment property	8,190,315	10,757,579	8,395,520	11,026,158	Level 2
Total Financial Assets					
Non-Specific Fair Value	9,263,973	11,831,237	9,237,496	11,872,351	

The fair value of the above items has been determined for the 2nd and 3rd level financial assets and liabilities based on agreed upon pricing models that reflect the credit risk of the other parties that the Company deals with.

20. Sectoral and Geographical Distribution

a) For management purposes, the Company's activities have been considered within one sector, representing investments comprised of real estate investments and financial investments at fair value through profit and loss.

b) All of the Company's assets and activities are inside Jordan.