

الشركة الشامخة للاستثمارات العقارية والمالية المساهمة العامة المحدودة

ALSHAMEKHA FOR REAL ESTATE AND FINANCIAL INVESTMENTS CO.LTD

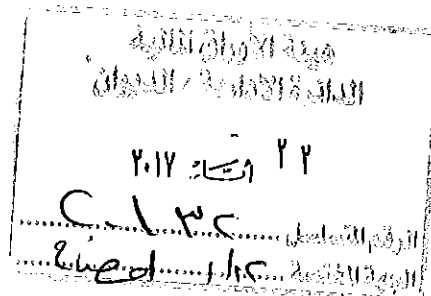
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رقم

2017/05/22 عمان في

To: Jordan Securities Commission Amman Stock Exchange Date: 22/05/2017 Subject: Quarterly financial statements for the period ended 31/03/2017	السادة هيئة الأوراق المالية المحترمين السادة بورصة عمان المحترمين التاريخ : 2017/05/22 الموضوع : البيانات المالية الربع سنوية للفترة المنتهية بتاريخ 2017/03/31
Attached is a copy of the audited financial statements of Al Shamekha Real Estate Investments and Financial Company for the period ended 31/03/2017 in English.	مرفق طية نسخة من البيانات المالية المراجعة لشركة الشامخة للاستثمارات العقارية و المالية المساهمة العامة عن الفترة المالية المنتهية بتاريخ 2017/03/31 باللغة الانجليزية.
Kindly accept our high appreciation and respect.	وتفضلوا بقبول فائق الاحترام ،،،
Chairman & General Manager "Mohammad Ameen" salem Abu Assaf	رئيس مجلس الإدارة/المدير العام "محمد أمين" سالم أبو عساف



SHAMAKHA REAL ESTATE AND FINANCIAL INVESTMENTS
Public Shareholding Company
Amman - Jordan

Interim Condensed Consolidated
Financial Statements(UNAUDITED)
Together With Review Report
31 March 2017

Researchers
Public Accountants & Consultants

SHAMAKHA REAL ESTATE AND FINANCIAL INVESTMENTS
Public Shareholding Company
Amman - Jordan

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Report on Review of Interim Condensed Financial Statements

**To The Board Of Directors Of
SHAMAKHA REAL ESTATE AND FINANCIAL INVESTMENTS
public Shareholding company
Amman - Jordan**

Introduction

We have reviewed the accompanying interim condensed financial statements of SHAMAKHA REAL ESTATE AND FINANCIAL INVESTMENTS "public Shareholding company" which comprise the interim statements of financial position as at 31 March 2017 and the related interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months period then ended, and explanatory notes. The board of Directors is responsible for the preparation and presentation of these condensed interim financial information in accordance with IAS 34 "interim financial reporting". Our responsibility is to express a conclusion on these condensed interim financial information based on our review

Scope of review

We conducted our review in accordance with international standard on Review Engagements (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with international standards on auditing, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other matters

The Company's financial year ends on December 31 of each year, but the accompanying condensed interim financial statements have been prepared in accordance with the Securities Listing Regulations of the Amman Stock Exchange and for management purposes

Researchers

Public Accountants & Consultants

Rami Amasha
license No (803)

Amman - Jordan
20 April 2017

Researchers
Public Accountants & Consultants

SHAMAKHA REAL ESTATE AND FINANCIAL INVESTMENTS
Public Shareholding Company
Amman - Jordan

Interim Financial Statement
as at 31 March 2017 (Unaudited)

	<u>Note</u>	<u>31/3/2017</u> <u>JD</u> <u>(Unaudited)</u>	<u>31/12/2016</u> <u>JD</u> <u>Audited</u>
<u>Assets</u>			
<u>Non-current assets</u>			
Equipment & property less accumulated depreciation		98,481	99,777
Net Real estate investments	5	207,641	210,640
Projects in process	6	501,505	501,505
Financial assets at fair value through other			
Comprehensive income		267,116	235,694
Total non - current assets		<u>1,074,743</u>	<u>1,047,616</u>
<u>Current assets</u>			
Other debit balances		35,171	13,123
Apartments ready for sale	7	740,143	740,143
Net receivables	8	27,494	29,637
Cash & cash equivalent	9	592,322	568,343
Total current assets		<u>1,395,130</u>	<u>1,351,246</u>
Total assets		<u>2,469,873</u>	<u>2,398,862</u>
<u>Equity and liabilities</u>			
<u>Equity</u>			
Paid Capital		1,200,000	1,200,000
Statutory reserve		927,166	927,166
Optional reserve		68,887	68,887
Cumulative change in the fair value of		(99,225)	(130,647)
Financial assets			
Retained Earnings		102,073	105,876
Net equity		<u>2,198,901</u>	<u>2,171,282</u>
<u>Current liabilities</u>			
Accounts payable		5,050	5,050
Payments on ready apartments for sale		65,000	20,000
Other Provision		134,086	137,687
Other credit balances		66,836	64,843
Total current liabilities		<u>270,972</u>	<u>227,580</u>
Total liabilities and equity		<u>2,469,873</u>	<u>2,398,862</u>

The attached notes (1) to (13) form an integral part of these interim condensed financial statements and are read together with the accompanying audit report

SHAMAKHA REAL ESTATE AND FINANCIAL INVESTMENTS
Public Shareholding Company
Amman - Jordan

Statement of interim comprehensive income
for the three months ended 31 March 2017 (unaudited)

	<u>Note</u>	<u>31/3/2017</u> <u>JD</u> <u>(Unaudited)</u>	<u>31/3/2016</u> <u>JD</u> <u>(Unaudited)</u>
Rental income		28,570	30,150
Revenue from services		<u>308</u>	<u>230</u>
Total revenue		28,878	30,380
Administrative and General expenses		(32,843)	(29,831)
Depreciation of property and equipment		(4,294)	(4,818)
Interest Avenues		<u>4,456</u>	<u>1,033</u>
Profit (loss) for the year before tax		(3,803)	(3,236)
Income tax for the period	10	-	-
Profit (loss) for the period		(3,803)	(3,236)
Add: Other comprehensive income items		-	-
Change in fair value reserve for financial assets at fair value through other comprehensive income		<u>31,422</u>	<u>(19,078)</u>
Total comprehensive income (loss) for the period		<u>27,619</u>	<u>(22,314)</u>
		<u>Files/JD</u>	<u>Files/JD</u>
The basic and diluted portion of the share of profit(loss) for the period		<u>0/023</u>	<u>(0/019)</u>

The attached notes (1) to (13) form an integral part of these interim condensed financial statements and are read together with the accompanying audit report

SHAMAKHA REAL ESTATE AND FINANCIAL INVESTMENTS
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Interim Statement of Changes in Equity
For the three months ended 31 March 2017 (Unaudited)

<u>Statement</u>	<u>Capital</u>	<u>Statutory reserve</u>	<u>Optional reserve</u>	<u>Cumulative change in fair value</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance as of 1 st Jan. 2017	1,200,000	927,166	68,887	(130,647)	105,876	2,171,282
Total Comprehensive income for the period	-	-	-	31,422	(3,803)	27,619
Balance as of 31 Mar. 2017 (Unaudited)	<u>1,200,000</u>	<u>927,166</u>	<u>68,887</u>	<u>(99,225)</u>	<u>102,073</u>	<u>2,198,901</u>
Balance as of 1 st Jan 2016	1,200,000	926,976	68,792	(127,953)	104,258	2,172,073
Total comprehensive income for the period	-	-	-	(19,078)	(3,236)	(22,314)
Balance as of 31 Mar. 2016 (Unaudited)	<u>1,200,000</u>	<u>926,976</u>	<u>68,792</u>	<u>(147,031)</u>	<u>101,022</u>	<u>2,149,759</u>

The attached notes (1) to (13) form an integral part of these interim condensed financial statements and are read together with the accompanying audit report

SHAMAKHA REAL ESTATE AND FINANCIAL INVESTMENTS
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**Interim consolidated statement
of cash flow for the three months ended 31 March 2017 (unaudited)**

	<u>31/3/2017</u> <u>JD</u> (Unaudited)	<u>31/3/2016</u> <u>JD</u> (Unaudited)
<u>Cash flow from operating activities</u>		
(Loss) profit for the period before tax and provisions	(3,803)	(3,236)
Depreciation	<u>4,295</u>	<u>4,818</u>
Operating profit before changes in assets and liabilities	492	1,582
Other receivables	(22,048)	(17,941)
Receivables	2,143	(6,016)
Accounts payable	-	(10,257)
Payments on ready apartments for sale	45,000	20,000
Other provisions	(3,601)	(680)
Other credit balances	<u>1,993</u>	<u>1,533</u>
Net cash flow from operating activities	<u>23,979</u>	<u>(11,779)</u>
<u>Cash flow from investment activities</u>		
Projects in process	-	910,690
Apartments ready for sale	-	<u>(947,815)</u>
Net cash flow from investment activities	<u>-</u>	<u>(37,125)</u>
<u>Cash flow from financing activities</u>		
Net cash flow from financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents for the period	<u>23,979</u>	<u>(48,904)</u>
Cash and cash equivalents at the first of January	<u>568,343</u>	<u>303,763</u>
Cash and cash equivalents at the 31 March	<u>592,322</u>	<u>254,859</u>

The attached notes (1) to (13) form an integral part of these interim condensed financial statements and are read together with the accompanying audit report

SHAMAKHA REAL ESTATE AND FINANCIAL INVESTMENTS
Public Shareholding Company
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Notes to the interim condensed financial statements
31 March 2017

1 Overview

- a The company was established as a public shareholding company and registered with the Ministry of Industry and Trade under No. (78) On 11 June 1974 with an authorized and paid up capital of JD1,200,000.
- b **Objectives of the company:**
- Investment in real estate and lands through purchase, sell, invest, develop, maintain, renovate and modernize real estate and lands.
 - Construction of housing projects and reconstruction of all types and purposes thereof either residential, commercial, industrial and investment.
 - Investment in all economic fields, whether financial, industrial, real estate, tourism, commercial, agricultural or service industries, through the establishment of investment projects.
- c The company's shares are listed at Amman Stock Exchange - Jordan.
- d The interim condensed consolidated financial statements have been approved by the Board of Directors of the Company at its meeting held on 20/4/2017.

2 Basis of preparing the financial statements

a Compliance Statement

The annexed Interim Condensed Financial Statements for the three months ending on March 31, 2017 were prepared in accordance with the International Accounting Standard No. (34) For Interim Financial Statements.

The currency of these Interim Condensed Financial Statements is the Jordanian Dinar, which represents the main currency of the company.

These Interim Condensed Financial Statements were prepared in accordance with the principle of historical cost, with exclusion to the financial assets displayed in fair value.

These Interim Financial Statements do not include all information and clarifications requested in the annual financial reports which prepared in accordance with the International Accounting Standard and should be read with the annual report as of December 31, 2016. The business results of the three months ending on March 31, 2017 do not necessarily represent an indication of the expected results of the financial year ended December 31, 2017.

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b Using Estimations

Preparing Interim Condensed Financial Statements in accordance with International Standards for Preparing Financial Reports standards requires the management to make the assumptions and estimations that might inflict the implementation of accounting policies and the amounts of assets, liabilities, incomes and expenses. Real results might differ from those estimations.

The accounting estimations regarding the implementation of accounting policies, which majorly affect the amounts in the Interim Condensed Financial Statements used in preparing the Interim Condensed Financial Statements for the three months ending on March 31, 2017 are the same estimations implemented in the financial statements of the financial year ended December 31, 2016.

3 Changes in International Policies

The accounting policies followed in preparing the Interim Condensed Financial Statements are consistent with those which were followed in preparing financial statements for the financial year ending on December 31, 2016, except for the implementation of the new and amended international standards:

- a The standards which implemented by the company for the first time, effective in the financial year starting at the beginning of January 2016. Those standards and explanations had no material effect on financial statements:
 - Amendments on the International Accounting Standard No. (16) "Properties and Equipment" and International Accounting Standard No. (38) "Intangible Assets", which clarify the accepted methods of calculating depreciation and amortization.
 - Amendments on the International Accounting Standard No. (34) "Interim Financial Statements" on disclosures in Interim Financial Statements.
 - Amendments on the International Accounting Standard No. (19) "Employee Benefits" which require using the discount rate for the currency with which the obligations of benefit-determined plans will be paid.

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- Amendments on the International Accounting Standard No. (27) "Independent Financial Statements" which reinstate the option of using the property rights method in independent financial statements for investments in affiliates, joint businesses and joint ventures.
 - Amendments on the International Accounting Standard No. (1) "Presentation of Financial Statements", which state some of the requirements of presenting financial statements and disclosure of accounting policies.
 - Amendments on the International Financial Report Standard No. (7) "Financial Instruments, Disclosures", which require disclosure of service contracts continuing after selling financial assets and disclosure of offset between financial assets and financial liabilities not mentioned in the International Accounting Standard No. (34) "Interim Financial Statements".
 - Amendments on the International Financial Report Standard No. (11) "Joint Arrangements", which provide particular directions for the accounting of takeover of a share in the joint businesses.
- b New and amended standards and explanations which were issued and still not effective in the financial year which starts at the beginning of January 2017:**
- International Accounting Standard No. (9) "Financial Instruments", effective at the beginning of January 2018, which discusses the categorization and measurement and acknowledgement of financial assets and liabilities and introduces new rules to hedge accounting.
 - International Accounting Standard No. (15) "Revenue from Contracts with Customers", effective at the beginning of December 2018. This standard shall replace the International Accounting Standard No. (18), which covers commodity and service contracts and International Accounting Standard No. (11) Which covers construction contracts. Based on the new standard, revenue is acknowledged when control over commodity or service is transferred to the client, hence the concept of control replaces the concept of risks and returns.
 - International Accounting Standard No. (16) "Leases", effective at the beginning of January 2019, which will replace International Accounting Standard No. (17) "Leases". The new standard requires from the leases to register future lease liabilities for all leases, including right-of-use assets.

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- Amendments on the International Accounting Standard No. (12) "Income Taxes", effective at the beginning of January 2017, clarify amendments of measurements and accounting for deferred tax assets.
- Amendments on the International Accounting Standard No. (7) "Statement of Cash Flows", effective at the beginning of January 2017, require additional disclosures concerning liabilities resulting from financing activities.

The company did not pre-implement any of these standards, except for the International Accounting Standard for Preparing Financial Statements No. (9) Concerning the measurement and listing of financial liabilities in the preparation of financial data in the year ending on January 1, 2011, depending on the instructions of Jordan Securities Commission; taking into consideration that it's mandatory implementation is effective on January 1, 2018. The implementation of these standards and explanations in the following stages will not have a fundamental financial effect on the company's financial statements.

4 Financial Risk Management and Capital Management

The company is exposed to different financial risks, including credit risk, liquidity risk and capital risk. In general, the **objectives** and policies the company in managing financial risks are similar to what was mentioned in company's financial and annual report of the financial year ended December 31, 2016

The company introduced no change in capital management during the current interim stage.

SHAMAKHA REAL ESTATE AND FINANCIAL INVESTMENTS
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5 Real estate investments

This item consists of the following:

31/3/2017	Land*	Building	Electrical work	Elevator	Constructions and buildings in Aqaba	Total
Cost:	JD	JD	JD	JD	JD	JD
Balance as of 1 st Jan 2017	48,916	534,511	4,859	13,023	281,846	883,155
Additions	-	-	-	-	-	-
(Exclusions)	-	-	-	-	-	-
Balance as on 31 Mar. 2017	<u>48,916</u>	<u>534,511</u>	<u>4,859</u>	<u>13,023</u>	<u>281,846</u>	<u>883,155</u>
(Unaudited)						
Accumulated depreciation:						
Balance as of 1 st Jan. 2017	-	375,219	4,859	10,592	281,845	672,515
Consumption of the period	-	2,673	-	326	-	2,999
(Exclusions)	-	-	-	-	-	-
Accumulated depreciation as of 31 Mar. 2017 (Unaudited)	-	<u>377,892</u>	<u>4,859</u>	<u>10,918</u>	<u>281,845</u>	<u>675,514</u>
Net book value as on 31 Mar. 2017 (Unaudited)	<u>48,916</u>	<u>156,619</u>	<u>-</u>	<u>2,105</u>	<u>1</u>	<u>207,641</u>

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31/12/2016	Land*	Building	Electrical work	Elevator	Constructions buildings in Aqaba	Total
Cost:	JD	JD	JD	JD	JD	JD
Balance as on 1 st Jan 2016	48,916	534,511	4,859	13,023	281,846	883,155
Additions	-	-	-	-	-	-
(Exclusions)	-	-	-	-	-	-
Balance as on 31 Dec. 2016 (Audited)	48,916	534,511	4,859	13,023	281,846	883,155
Accumulated depreciation:						
Balance as of 1 Jan. 2016	-	364,529	4,859	9,290	281,845	660,523
Consumption of the year	-	10,690	-	1,302	-	11,992
(Exclusions)	-	-	-	-	-	-
Accumulated depreciation as on 31 Dec 2016 (Audited)	-	375,219	4,859	10,592	281,845	672,515
Net book value as of 31 Dec. 2016 (Audited)	48,916	159,292	-	2,431	1	210,640

- This item represents the cost of the commercial complex located on Plot No. (1456) and the total area of the building is (3720 m²). The Board of Directors has taken a decision No. (43) in its session (105) and the decision of the General Assembly at its annual meeting which was held on 15 March 2009 with the approval of the sale of warehouses and offices of the company's building located in Jabal Al-Hussein, where the total sales to this date was (711 m²).
- This item represents the cost of construction on a plot of land leased in Aqaba which entirely consumed according to the book value. Most of them were demolished by Aqaba Region Authority and have no future value. A lawsuit has been filed against Aqaba Economic Zone Authority. The case is still pending before the Court to claim compensation

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6 Projects in process:

This item consists of the following:

	<u>31/3/2017</u> <u>JD</u> (Unaudited)	<u>31/12/2016</u> <u>JD</u> Audited
<u>Plot of land No. (1168)*</u>		
Cost of land	491,380	491,380
Construction work	-	-
Works and expenses	<u>10,125</u>	<u>10,125</u>
Total	<u>501,505</u>	<u>501,505</u>

* The plot of land No. (1168) with an area of (1854 m²) square meters. The Board of Directors took a decision to establish a project on this piece and directly preparing the necessary plans for the establishment of commercial housing project.

7 Apartments ready for sale

The residential project on the plot No. (1169) with an area of (1164 m²), called the Jewel of Jabal Al Hussein project, has been completed. This project consists of 18 apartments and 4 of these apartments were sold during the year 2016

8 Net receivables

This item consists of the following:

	<u>31/3/2017</u> <u>JD</u> (Unaudited)	<u>31/12/2016</u> <u>JD</u> Audited
Receivables	124,903	125,403
Receipt papers	1,100	1,300
Checks under collection	6,160	7,603
Lease holdings of the Aqaba Garage	<u>19,484</u>	<u>19,484</u>
Total	151,647	153,790
Less :		
Impairment of bad debts	<u>(124,153)</u>	<u>(124,153)</u>
Total	<u>27,494</u>	<u>29,637</u>

Receivables include 116,354 JD for the Unified Transport and Logistics Company, and a verdict has been issued by the Court in favor of the Company and is being executed by the Court.

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9 Cash & cash equivalent

This item consists of the following:

	<u>31/3/2017</u>	<u>31/12/2016</u>
	<u>JD</u>	<u>JD</u>
	(Unaudited)	Audited
Cash on hand	500	500
Cash in banks	50,822	567,843
Cash with banks – deposit	<u>541,000</u>	<u>-</u>
Total:	<u>592,322</u>	<u>568,343</u>

10 Tax status

- * The company's tax status was settled until the end of 2015.
- * Tax declaration of 2016 was provided within the legal period.
- * The company's income tax provision for the first quarter of 2017 has not been calculated due to excess of expenses over the taxable income

11 legal situation

The company is involved in cases filed by third parties against the company . These cases still pending before the Jordanian courts with the amount of 127,099 JD. The company also filed law cases against other parties with the amount of 36,607 JD which still pending before the Jordanian courts.

12 Risk management policies

The Company is exposed to a variety of financial risks due to its activities, also the operational risks are an inevitable result of real estate transactions. Management strives to achieve an appropriate balance between risk and return achieved , and to minimize the potential negative impact on the Company's financial performance. The most significant risk to the Company ; credit risk arising from long-term contracts, liquidity risk and market risk. Management is responsible for create a framework to oversee and manage these risks. Management periodically followed up the risk types in order to monitor and manage the financial risks related to the operations and activities of the Company through the issuance and preparation of internal reports on the management of financial risks through which the risks to the company is analyzed in standard form.

SHAMAKHA REAL ESTATE AND FINANCIAL INVESTMENTS**Public Shareholding Company****Amman - Jordan****Notes to the interim condensed financial statements****31 March 2017**

*** Capital risk management**

The Board of Directors manages the capital structure in order to ensure its ability for continuity and maximize the return on equity by achieving the optimal balance between equity and debt. There has been no change in the Company's policy. The Company adopted a policy to maintain a reasonable rate of debt attributable to equity.

Debt to equity ratio of the company at the end of the report period was as follows:

	<u>31/3/2017</u>	<u>31/12/2016</u>
	<u>JD</u>	<u>JD</u>
	(Unaudited)	Audited
Total indebtedness	270,972	227,580
Net equity	<u>2,198,901</u>	<u>2,171,282</u>
Ratio of debt to equity	<u>12%</u>	<u>10%</u>

*** Credit risk**

Credit risk is the inability of the third party to meet its obligations to the Company, resulting in losses. The Company has adopted a policy of documenting its debts to third parties with the needed documents, which can track any legally arrears with the assistance of its legal counsel. The Company monitors its exposure to credit risk by examining the level of financial adequacy of debtors, in addition to ensuring that the cumulative value of the credit relates to parties approved by the administration, and by following the limits of credit granted where it is reviewed and approved by administration periodically.

The book value of financial assets presented in the financial statements of net value after impairment losses discount in value represents the maximum credit risk is possible that the company is exposed to.

*** Liquidity risk**

Liquidity risk represents the inability of the Company to provide the necessary funding to meet its obligations on maturity dates. To minimize risks, the management diversifies the sources of funding, manages and adjusts assets and liabilities, provides timely and adequate financing and maintains sufficient cash and prudent balances to meet commitments and pay operational expenses and investment.

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* **Foreign currency risk**

Foreign currency risk is the risk of change in financial instruments due to changes in foreign exchange rates. The Jordanian Dinar is the base currency of the Company. The Company's management monitors the foreign currency position periodically and adopts strategies to hedge these risks.

22 FAIR VALUE

The fair value of financial assets and liabilities is not materially different from their book value at the company's financial position list.