



شركة القصور للمشاريع العقارية م.ع.م

Palaces Real- Estate & Development P.L.C

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To: Jordan Securities Commission

Date : 24/07/2017

Subject: Semi- Annual Report as of 30/06/2017

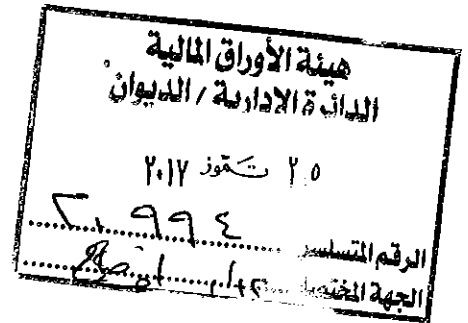
Attached the company's Semi- Annual Report of
(Palaces Real Estate and Development) As of 30/06/2017

Kindly accept our highly appreciation and respect

Palaces Real Estate and Development

General Manager

شركة القصور للمشاريع العقارية م.ع.م
PALACES Real-Estate
& Development P.L.C



Palaces Real Estate and Development

Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Condensed Interim Financial Statements
(Unaudited)
30 June 2017

**Palaces Real Estate and Development
Public Shareholding Company**

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Auditors Report on Condensed Interim Financial Statements

To Chairman and Board of Directors
Palaces Real Estate and Development Company
(Public Shareholding Company)
Amman - Jordan

Introduction

We have audited the condensed interim financial statements of Palaces Real-Estate and Development Company (Public Shareholding Company), which comprise the condensed interim statement of financial position as at June 30, 2017, and the condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the period then ended, and notes to condensed interim financial statements, including summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with the requirements of International Accounting Standard (34) "Interim Financial Reporting". Our responsibility is to form an opinion about these condensed interim financial statements based on our review.

Scope of Review

We conducted our audit in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A 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 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 condensed interim financial statements is not prepared in all material respects in accordance with the requirements of IAS (34).

Audit Bureau

Ibrahim Salim Yassin
(License # 255)

Amman - July 22, 2017

Palaces Real Estate and Development
Public Shareholding Company
Condensed Interim statement of financial position as at 30 June 2017

	Notes	30 June 2017 JD	31 December 2016 JD
ASSETS			
Non Current Assets			
Property, plant and equipment - net	6	34,496	42,271
Investment property under development	7	2,163,379	2,163,379
		<u>2,197,845</u>	<u>2,205,650</u>
Current Assets			
Investment property for sale		-	1,724,900
Trade receivables	8	17,953	136,701
Other debt balances	9	11,247	17,974
Cash and cash equivalents	10	1,908,463	506,048
		<u>1,937,663</u>	<u>2,385,623</u>
TOTAL ASSETS		<u>4,135,538</u>	<u>4,591,273</u>
EQUITY AND LIABILITIES			
Equity			
Capital		4,000,000	4,000,000
Statutory reserve		135,062	135,062
Voluntary reserve		224,251	224,251
Retained earnings (losses)		(231,531)	225,456
Total Equity		<u>4,127,782</u>	<u>4,584,769</u>
Liabilities			
Current Liabilities			
Due to banks		48	-
Trade payables		5,956	1,000
Other credit balances	11	1,752	5,504
Total Liabilities		<u>7,756</u>	<u>6,504</u>
TOTAL EQUITY AND LIABILITIES		<u>4,135,538</u>	<u>4,591,273</u>

- Accompanying notes are an integral part of these condensed interim financial statements-

**Palaces Real Estate and Development
Public Shareholding Company**
**Condensed interim statement of comprehensive income for the Six months ended
30 June 2017**

	<u>Notes</u>	<u>30 June 2017</u>	<u>30 June 2016</u>
		JD	JD
Sales (Areej building)		1,343,254	--
Cost of sales (Areej building)		<u>(1,724,900)</u>	--
Gross profit		(381,646)	--
Administrative expenses	12	(77,241)	(51,816)
Areej building expenses		(16,298)	(21,015)
Other revenue		<u>18,198</u>	<u>3,586</u>
Profit (loss) for the period		<u>(456,987)</u>	<u>(69,245)</u>
Belongs to :			
Shareholders		(456,987)	(69,245)
Non controlling interest		--	--
		<u>(456,987)</u>	<u>(69,245)</u>
 Earnings per share (JD / Share)		 <u><u>(0.114)</u></u>	 <u><u>(0.017)</u></u>

- Accompanying notes are an integral part of these condensed interim financial statements-

**Palaces Real Estate and Development
Public Shareholding Company**

Condensed interim statement of changes in equity for the Six months ended 30 June 2017

	Paid up capital	Statutory reserve	Voluntary reserve	Retained earnings (losses)	Total
	JD	JD	JD	JD	JD
Year 2017:					
Balance as at January 1st 2017	4,000,000	135,062	224,251	225,456	4,584,769
Comprehensive income (Loss) for the period	-	-	-	(456,987)	(456,987)
Balance as at June 30th 2017	4,000,000	135,062	224,251	(231,531)	4,127,782
Year 2016:					
Balance as at January 1st 2016	4,000,000	135,062	224,251	412,832	4,772,145
Comprehensive income (Loss) for the period	-	-	-	(69,245)	(69,245)
Balance as at June 30th 2016	4,000,000	135,062	224,251	343,587	4,702,900

- Accompanying notes are an integral part of these condensed interim financial statements-

Palaces Real Estate and Development
Public Shareholding Company
Condensed interim statement of cash flows for the Six months ended 30 June 2017

	30 June 2017 <u>JD</u>	30 June 2016 <u>JD</u>
Operational Activities		
Profit (Loss) for the period	(456,987)	(69,245)
Depreciation	7,775	-
Change in Working Capital		
Trade receivables	118,748	9,386
Other debt balances	6,727	7,631
Trade payables	4,956	-
Other credit balances	(3,752)	4,735
Net cash flow from operational activities	<u>(322,533)</u>	<u>(66,265)</u>
Investment Activity		
Sales of Investment property for sale	1,724,900	-
Net cash flow from investment activities	<u>1,724,900</u>	<u>-</u>
Finance Activities		
Due to banks	48	-
Net cash flow from finance activities	<u>48</u>	<u>-</u>
Changes in cash and cash equivalents	1,402,415	(66,265)
Cash and cash equivalents, beginning of year	506,048	272,849
Cash and cash equivalents, end of the period	<u><u>1,908,463</u></u>	<u><u>206,584</u></u>

- Accompanying notes are an integral part of these condensed interim financial statements-

**Palaces Real Estate and development
Public Shareholding Company
Notes to the condensed interim financial statements
(Unaudited)
30 June 2017**

(1) General

Palaces Real Estate and Development Public Shareholding Company "the Company" was established in April 17th 2006 as a public shareholding company and registered at the Ministry of Trade and Industry under registration number (434) .The Company's authorized capital is JD 4,000,000.

Principal activities of the company are acquired of land and real-estate, constructed for sale or rental and maintaining commercial agencies.

The company head office is located in Amman – Hashemite kingdom of Jordan.

The condensed interim financial statements have been approved by the Board of Directors.

(2) Application of new and revised International Financial Reporting Standards

The following new and revised IFRSs became effective for annual periods beginning on or after 1 January 2016. The application of these revised IFRSs may not affect the accounting for future transactions or arrangements.

IFRS 9: Financial Instruments. January 1st 2018.

IFRS 11: Joint arrangements .January 1st 2018.

IFRS 14: Regulatory Deferral Accounts. January 1st 2016.

IFRS 15: revenues from contracts. January 1st 2018.

IAS 16: Property, Plant and Equipment. and IAS 38 : Intangible Assets. methods of depreciation and amortization. January 1st 2016.

IAS 27: Separate Financial Statements relating to using the equity method. January 1st 2016.

(3) Summary of Accounting Policies

3.1 Basis of Preparation

- The condensed interim financial statements for Palaces Real-Estate and development Public Shareholding Company have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" (IAS 34), as issued by the International Accounting Standards Board (IASB). These condensed interim financial statements do not include all of the information and disclosures required for full annual financial statements and should be read in conjunction with the company's audited financial statements for the year ended 31 December 2016. The results of operations for the interim period reported are not necessarily indicative of results expected for the year.

- The condensed interim financial statements are prepared under the historical cost convention.

- The condensed interim financial statements are presented in Jordanian Dinars which represent the functional currency of the company.

Palaces Real Estate and development
Public Shareholding Company
Notes to the condensed interim financial statements
(Unaudited)
30 June 2017

3.2 Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation. Depreciation is calculated on a straight – line basis of useful lives of the assets as follows:

Furniture and Fixtures	10%
Electrical Equipment	15%
Computer hardware and software	20%

When the carrying value property, plant and equipment indicate that it may not be recoverable, assets are written down to their recoverable amount. Gains or losses arising from derecognizing of property, plant and equipment are recognized in the income statement.

Estimated useful lives are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis.

3.3 Fair Value

The fair value of financial assets represents listed prices in an active market. When listed prices are not available , fair value is assessed by comparison with the market value of a very similar instrument or, by analysis of future cash flows discounted by a rate used in a very similar instrument. Financial Assets with not fair value are recorded at cost.

3.4 Financial assets

Financial assets sales and purchases are recognized at the date of commitment to sell or buy a financial asset.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and at banks with a maturity of three months or less.

3.6 Trade receivables

Trade receivables are stated at cost net of reserve for doubtful amounts. Uncollectible amounts are deleted from the reserve, and later, if collected will be recognized as revenues.

3.7 Trade payables and other credit balances

Trade payables and other credit balances are recognized when services or goods are received by the company, regardless claimed by vender or not.

**Palaces Real Estate and development
Public Shareholding Company
Notes to the condensed interim financial statements
(Unaudited)
30 June 2017**

3.8 Provisions

Provisions are recognized when the company has a present or probable obligation as a result of a past event , and its probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimates can be made of the amount of the obligation. Provisions are reviewed at the date of financial statements and adjusted according to latest information available for the company.

3.9 Offsetting

Financial assets and financial liabilities are offset , and the net amount is reported in the financial statements, only when legal enforceable rights exist or when company intend to settle on a net basis or realize the assets and settle of the liability simultaneously.

3.10 Revenue recognition

Revenues are realized when contract is signed and cash received in full, or upon signing official documents at the Departments of Lands and Survey.

3.11 Income tax

Income tax expense is calculated on net income subject to tax. Taxable income differs from income declared in the consolidated financial statements, because the later includes non-taxable revenues or non-deductible expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, as well as unallowable and non taxable items. Taxes are calculated on the basis of tax rates prescribed according to the prevailing laws, regulations and instructions.

3.12 Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of cash and cash equivalents, accounts receivable and other debt balances. Financial liabilities consist of accounts payable, loans and other credit balances.

3.13 Fair Value

The fair value of financial instruments are not materially different from their carrying values at year end.

Palaces Real Estate and development
Public Shareholding Company
Notes to the condensed interim financial statements
(Unaudited)
30 June 2017

(4) Risk management

4.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company does not foresee any major losses resulting from other parties failing to commit to their obligation.

4.2 Financial risk elements

The company is exposed to various financial risks through its' business cycle. Overall risk management program is intended to reduce the probable negative impacts on financial results to the minimum.

4.3 Market risk

Most of the company transactions are in Jordanian Dinars, so the impact of currency risk is not material to the financial statements.

4.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to provide the necessary funding to meet its obligations on due dates. To avoid these risks, the Company diversifies its sources of financing, manages assets and liabilities, adjusts its terms and maintains sufficient cash and cash equivalents.

(5) Impairment in financial assets

Financial assets are reviewed at the date of interim financial statements for indications on impairment in value individually or in a form of portfolio. Recoverable value is estimated so as to determine the impairment loss.

Palaces Real Estate and development
Public Shareholding Company
Notes to the condensed interim financial statements
(Unaudited)
30 June 2017

(6) Property, plant and Equipment

	Cost	Accumulated Depreciation 30/6/2017	Net Book Value 30/6/2017	Net Book Value 31/12/2017
	JD	JD	JD	JD
Type				
Furniture and decoration	28,725	28,525	20	227
Electrical Equipment	3,570	3,500	70	102
Computer hardware and software	10,705	10,304	401	692
Vehicles	66,000	32,175	33,825	41,250
Total	109,000	74,504	34,496	42,271

(7) Investment property under development

	30 June 2017	31 December 2016
	JD	JD
Khalda Project	1,696,419	1,696,419
Al Dumeineh Land	466,960	466,960
Total	2,163,379	2,163,379

(8) Trade receivables

	30 June 2017	31 December 2016
	JD	JD
Areej building owners society	3,953	5,701
Accounts receivables	14,000	131,000
Total	17,953	136,701

Palaces Real Estate and development
Public Shareholding Company
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(Unaudited)
30 June 2017

(9) Other Debt Balances

	30 June 2017	31 December 2016
	JD	JD
Refundable deposits	4,096	4,096
Prepaid expenses	68	7,871
Income tax deposits	7,081	6,005
Social security deposits	2	2
Total	11,247	17,974

(10) Cash and cash equivalents

	30 June 2017	31 December 2016
	JD	JD
Cash on hand	119	116
Cash at banks	1,908,344	505,932
Total	1,908,463	506,048

(11) Other credit balances

	30 June 2017	31 December 2016
	JD	JD
Shareholders deposits	1,752	1,752
Tax department- employees	-	3,564
Social security deposits	-	188
Total	1,752	5,504

Palaces Real Estate and development
Public Shareholding Company
Notes to the condensed interim financial statements
(Unaudited)
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(12) Administrative expenses

	30 June 2017	30 June 2016
	JD	JD
Salaries and wages	19,978	25,482
Social security	2,847	3,497
Governmental fees	75	354
Newspapers	500	500
Electricity	495	581
Professional fees	7,500	4,750
Amman Stock Exchange fees	2,400	2,400
Security Depository Center fees	2,000	2,000
PTT	298	375
Stationary and printing	1,510	1,672
Others	1,034	832
General Assembly meeting	2,008	1,708
Advertisements	175	170
Bank charges	105	28
Department of Lands and Survey fees	21,074	-
Depreciation	7,775	-
Rent	7,467	7,467
Total	77,241	51,816