

**AFAQ HOLDING FOR INVESTMENT AND
REAL ESTATE DEVELOPMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONSOLIDATED FINANCIAL
STATEMENTS AND REVIEW REPORT
FOR THE PERIOD ENDED MARCH 31, 2017**

AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT
FOR THE PERIOD ENDED MARCH 31, 2017

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REPORT ON REVIEWING THE INTERIM FINANCIAL STATEMENTS

To the President and Members of the Board of Directors
Afaq Holding for Investment and Real Estate Development Company. (P.L.C)

Introduction

We have reviewed the accompanying Interim Statement of Financial Position of Afaq Holding for Investment and Real Estate Development Company. (P.L.C) as of March 31, 2017, and the related statements of Interim Comprehensive income, Owners' equity and cash flows for the period then ended, The management is responsible of preparing and presenting company's financial statements in accordance with International Accounting Standard No. 34 (Interim Financial Reporting) which is an integral part of International Financial Reporting Standards. Our responsibility is limited to issue a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor". This standard requires that we plan and perform the review to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our review is primarily limited to inquiries of the company's accounting and financial departments personnel as well as applying analytical procedures of financial data .The range of our review is narrower than the broad range of audit procedures applied according to International Auditing Standards, Accordingly, obtaining assurances and confirmations about other significant aspects checked through an audit procedure was not achievable, Hence, We do not express an opinion regarding the matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not express a true and fair view in accordance with International Accounting Standard No. 34.

Ghosheh & Co.

Walid Taha
License No.(703)



Amman- Jordan
April 26,2017

AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF MARCH 31, 2017 AND DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	2017	2016
ASSETS			
Non-current assets			
Goodwill	4	24,661,180	24,661,180
Property and equipment	5	96,890,581	95,430,384
Financial assets designated at fair value through statement of other comprehensive income	6	43,783	43,783
Restricted Cash at Bank		467,302	467,302
Total non-current assets		122,062,846	120,602,649
Current assets			
Prepaid expenses and other receivables	7	2,162,590	2,207,844
Inventory and Spare Parts	8	6,696,722	6,705,678
Accounts receivable and checks under collection	9	49,853,968	44,151,090
Cash and cash equivalents	10	2,644,428	2,191,192
		61,357,708	55,255,804
Property and equipment held for sale	11	-	-
Total current assets		61,357,708	55,255,804
TOTAL ASSETS		183,420,554	175,858,453
LIABILITIES AND OWNERS' EQUITY			
Owners' equity			
Share capital	1	80,000,000	80,000,000
Statutory reserve	12	7,050,790	7,050,790
Proposed dividends	12	-	9,000,000
Retained earnings		1,300,515	236,907
Total owners' equity		88,351,305	96,287,697
Non-current liabilities			
Long-term loans and murabaha	16	7,196,872	4,392,775
Long Term Deferred cheques		7,649,614	7,656,816
Total non-current liabilities		14,846,486	12,049,591
Current liabilities			
Accrued expenses and other payables	13	11,799,705	2,683,933
Accounts payable	14	8,691,254	3,191,450
Notes Payable		5,004,705	8,009,483
Short Term Deferred cheques		33,900,990	43,135,714
Long-term loans and murabaha-current portion	16	6,842,309	3,780,422
Banks overdraft	17	13,983,800	6,720,163
Total current liabilities		80,222,763	67,521,165
TOTAL LIABILITIES AND OWNERS' EQUITY		183,420,554	175,858,453

The accompanying notes are an integral part of these consolidated financial statements

**AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT
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**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)**

	For the three months ended March 31, 2017	For the three months ended March 31, 2016
Sales	23,002,390	21,129,813
Cost of sales	(20,579,743)	(17,072,825)
Gross profit	2,422,647	4,056,988
Administrative, selling and marketing expenses	(937,571)	(925,246)
Financial charges	(320,890)	(99,035)
Net revenues and other expenses	78,424	281,230
Unrealized losses from financial assets designated at fair value through statement of comprehensive income	-	(26,253)
Income before tax	1,242,610	3,287,684
Income tax	(179,002)	(401,083)
INCOME FOR THE PERIOD	1,063,608	2,886,601
Other comprehensive income :	-	-
Total comprehensive income for the period	1,063,608	2,886,601
Earnings per share:		
Earning per share-JD/Share	0,013	0,036
Weighted average of outstanding shares	80,000,000	80,000,000

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AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY
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INTERIM CONSOLIDATED STATEMENT OF OWNERS' EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	Share capital	Statutory reserve	Proposed dividends	Retained earnings			Total
				Realized Gains	Unrealized Gains	Retained earnings	
Balance at January 1.2017	80,000,000	7,050,790	9,000,000	236,907	-	236,907	96,287,697
Dividends Paid	-	-	(9,000,000)	-	-	-	(9,000,000)
Comprehensive income for the period	-	-	-	1,063,608	-	1,063,608	1,063,608
Balance at March 31.2017	80,000,000	7,050,790	-	1,300,515	-	1,300,515	88,351,305

	Share capital	Statutory reserve	Proposed dividends	Retained earnings			Total
				Realized Gains	Unrealized Gains	Retained earnings	
Balance at January 1.2016	80,000,000	6,076,191	10,000,000	490,521	-	490,521	96,566,712
Comprehensive income for the period	-	-	-	2,886,601	-	2,886,601	2,886,601
Balance at March 31.2016	80,000,000	6,076,191	10,000,000	3,377,122	-	3,377,122	99,453,313

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AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	For the three months ended March 31, 2017	For the three months ended March 31, 2016
OPERATING ACTIVITIES		
Income before income tax	1,242,610	3,287,684
Adjustments of income before income tax:		
Depreciation	1,789,421	1,379,964
(Losses)/gains from sale of property and equipment	13,577	(108,979)
Loss of property and equipment held for sale	-	1,289
Unrealized losses from financial assets designed at fair value through statement of comprehensive income	-	26,253
Financial Charges	320,890	99,035
Changes in operating assets and liabilities:		
Accounts receivable and checks under collection	(5,702,878)	(3,861,732)
Inventory and spare parts	8,956	(145,726)
Prepaid expenses and other receivables	45,254	(551,151)
Deferred checks	(9,241,926)	(7,832,937)
Accounts Payable	5,499,804	6,273,266
Accrued expenses and other payables	(63,230)	(386,053)
Cash used in operating activities	(6,087,522)	(1,819,087)
Financial charges paid	(320,890)	(99,035)
Net cash used in operating activities	(6,408,412)	(1,918,122)
INVESTING ACTIVITIES		
Purchase of property and equipment	(3,410,696)	(3,140,415)
Proceeds from sales of property and equipments	147,501	387,600
Proceeds from sales of property and equipments held for sale	-	445,274
Net cash used in investing activities	(3,263,195)	(2,307,541)
FINANCING ACTIVITIES		
Banks overdraft	7,263,637	4,623,461
Loans and Murabaha	5,865,984	1,557,673
Notes Payable	(3,004,778)	-
Net cash available from financing activities	10,124,843	6,181,134
Net change in cash and cash equivalents	453,236	1,955,471
Cash restricted by banks	-	(467,302)
Cash and cash equivalents, January 1	2,191,192	506,909
CASH AND CASH EQUIVALENTS, March 31	2,644,428	1,995,078
Non-Cash Items		
Transfer of property and equipment to property and equipment held for sale	-	474,064

The accompanying notes are an integral part of these consolidated financial statements

**AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT
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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2017**
(EXPRESSED IN JORDANIAN DINAR)

1. ORGANIZATION AND ACTIVITIES

Afaq Holding for Investment and Real Estate Development Company ("the Company") is a Jordanian Public Shareholding Company registered on November 30, 2005 under commercial registration number (375). After it has been decided to change the Company's legal status from a limited liability company to a public shareholding company. The Company's share capital is JD 80,000,000 and is divided into 80,000,000 shares each for JD 1.

The Principal activity of the Company is:-

- Management of its subsidiaries, or participation in the management of other companies which it is a shareholder therein.
- Investing its cash in shares, bonds and securities.
- Lending loans, guarantees and financing to its subsidiary Companies.
- Ownership of patents, trademarks, concession rights and other intangible rights and the exploitations And leasing thereof, to its subsidiaries or to other Companies.

The Company and subsidiaries' Headquarter is in Amman.

On March 31, 2017 and December 31, 2016 the consolidated financial statement contained the subsidiaries' financial statements as follows:

Subsidiary company name	Registration place	Registration year	Vote and equity percentage	Principal activity
Jordan Modern Ready Mix Concrete L.T.D Company *	The Hashemite kingdom of Jordan	2000	100 %	Manufacturing and selling ready mix concrete for construction
Advanced Transportation and Shipping Services Co.	The Hashemite kingdom of Jordan	2001	100 %	Transportation and land shipping inside and outside Jordan
Visions For The Maintenance Of Spare Parts Company	The Hashemite kingdom of Jordan	2010	100%	Maintenance and industry Of trailers

* According to Investment Encouragement Law, the subsidiary Company (Jordan Modern Ready Mix Concrete Co.) has obtained an income tax exemption of 75% except for Aqaba Special Economic Zone authority, as this exemption ends on December 31, 2019.

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According to Net Equity Method, book value of investment in subsidiaries as of March 31, 2017 and December 31, 2016 is as follows:

	2017	2016
Book value of investment in Jordan Modern Ready Mix Concrete Company	43,127,721	42,699,623
Book value of investment in Advanced Transportation and Shipping Services Company	34,000,353	33,529,304
Book value of investment in Vision For The Maintenance of Spare Parts Company	3,723,269	3,528,299
	80,851,343	79,757,226

According to net equity method, the Company's share in subsidiaries gains as of March 31, 2017 and December 31, 2016 are as follows:

	2017	2016
Company's share in Jordan Modern Ready Mix Concrete Company gains	428,098	5,235,800
Company's share in Advanced Transportation and Shipping Services Co gains	471,049	3,478,613
Company's share in Visions For The Maintenance Of Spare Parts Company gains	194,970	1,095,140
	1,094,117	9,809,553

The subsidiaries assets, liabilities, revenues, profits and major item of assets and liabilities as of march 31, are as follows:

A- Jordan Modern Ready Mix Concrete Company (L.T.D)

	2017	2016
Total assets	67,845,148	63,757,210
Total liabilities	37,048,017	33,388,177
Total owners equity	30,797,131	30,369,033
Total revenues	15,031,913	67,862,696
Income for the period / year	428,098	5,235,800
Share capital	3,356,000	3,356,000
Accounts receivable and checks under collection	37,170,395	33,092,914
Inventories	1,409,313	1,473,885
Property and equipment	27,243,628	26,351,005
Banks overdraft	9,780,899	3,088,697
Loans	1,541,437	1,557,673
Deferred checks	17,779,578	26,085,413
Accounts payable	6,694,201	1,814,780

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B- Advanced Transportation and Shipping Services Company (L.T.D)

	2017	2016
Total assets	93,842,647	90,187,605
Total liabilities	72,172,884	68,988,891
Total owners equity	21,669,763	21,198,714
Total revenues	9,977,334	37,587,969
Income for the period/year	471,049	3,478,613
Share capital	1,000,000	1,000,000
Partners current account	16,500,000	16,500,000
Account receivable and checks under collection	18,276,732	16,395,443
Spare parts and fuels	3,950,049	3,701,251
Property and equipment	68,954,371	68,349,455
Bank Drafts	4,202,901	3,631,466
Loans and Murabaha	12,497,744	6,615,524
Deferred checks	28,016,805	31,436,529

C-Visions for the Maintenance of Spare Parts Company (L.T.D)

	2017	2016
Total assets	5,153,934	5,004,855
Total liabilities	1,430,665	1,476,556
Total owner's equity	3,723,269	3,528,299
Total revenues	1,899,507	8,135,028
Share capital	50,000	50,000
Income for the period / year	194,970	1,095,140
Accounts receivable and checks under collection	2,522,016	2,475,255
Inventories and spare parts	1,337,360	1,530,542
Property and equipment	692,582	729,924
Deferred checks	906,147	1,080,794

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

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

The interim consolidated financial statement is presented in Jordanian Dinar, since that is the currency in which the majority of the Company's transactions are denominated.

The interim financial statements have been prepared on historical cost basis.

The interim statement do not include all the information and notes needed in the annual financial statement and must be reviewed with the ended financial statement at December 31, 2016, in addition to that the result for the three months ended in March 31, 2017 is not necessarily to be the expected results for the financial year ended December 31, 2017.

Significant accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the audited financial statements for the period ended 31 December 2016.

Basis of consolidating interim financial statements

The consolidated financial statements incorporate the financial statements of Afaq Holding Investment and Real Estate Development Company (Public Shareholding Company) and the subsidiaries controlled by the Company.

Control is achieved where the Company:

- Ability to exert power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- Ability to exert power over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above.

When the Company has less than a majority of the voting, The Company shall have control over the investee when the voting rights sufficient to give it the ability to direct relevant activities of the investee individually.

When The Company reassesses whether or not it controls an investee, it consider all the relevant facts and circumstances which includes:

- Size of the holding relative to the size and dispersion of other vote holders
- Potential voting rights, others vote-holders, and Other parties
- Other contractual rights
- Any additional facts and circumstances may indicate that the company has, or does not have, the current ability to direct the activities related to the time needed to make decisions, including how to vote at previous shareholders meetings.

The consolidation process begins when the company's achieve control on the investee enterprise (subsidiary), while that process stops when the company's loses control of the investee (subsidiary), In particular Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement, and the consolidated comprehensive income statement from the effective date of acquisition and up to the effective date of which it loses control of a subsidiary Company.

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The profit or loss and each component of other comprehensive income elements distributed on the company's owners and owners of non-controlling interests, total comprehensive income for the subsidiary distributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balances.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the parent Company.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Financial assets designated at fair value through statement of comprehensive income

Financial assets are classified as at fair value through statement of income when the financial asset is either held for trading or it is designated as at fair value through statement of income. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through statement of income upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at fair value through statement of income.

Financial assets at fair value through statement of income are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the consolidated income statement.

Financial assets specified at fair value through statement of other comprehensive income

Specific financial assets at fair value through statement of other comprehensive income are non-derivative financial assets, the purpose of the acquisition is to keep them as available for sale until the date of maturity, not for trading.

Differences in the change in fair value of financial assets specified at fair value through other comprehensive income statement are recorded in other comprehensive income statement.

Financial assets specified at fair value through statement of other comprehensive income that is have a market prices stated at fair value after deducting any accumulated Impairment losses in its fair value.

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Financial assets specified at fair value through statement of other comprehensive income that is do not have a market prices and cannot determine the fair value stated at cost and any Decline in its value recorded in other comprehensive income statement.

Profits and losses resulting from differences of foreign currency translation for the debt instruments are recorded within the financial assets specified at fair value through other comprehensive income statement in the statement of other comprehensive income, while differences from foreign currency translation for the debt instruments are recorded in the accumulated change in fair value in owners' equity.

Revenues

Sales achieved when the goods are delivered to customers and issuing the invoice and the Company has transferred the significant risks and benefits of ownership of the goods to the buyer. And the possibility of measuring the amount of revenue and costs incurred or to be incurred on a reliable basis, In addition to the potential flow of economic benefits associated with the process to the company

The resulting income from service contracts by reference to the percentage of completion of the process is recognized at the date of the consolidated statement of financial position.

Possibility to measure the outcome of the process in a reliable way when the following conditions are met.

The possibility of measuring the amount of revenue reliably or the possibility of the flow of economic benefits associated with the facility to process, or the possibility of measuring the stage of completion of the process and are in the form can be trusted on the statement of financial position Or the possibility of measuring the costs incurred or to be incurred in the process reliably.

When they do not meet the criteria and conditions mentioned above, Revenue resulting from the providing services is recognized by the reduction, which can recover expenses recognized.

Expenses

Selling and marketing expenses principally comprise of costs incurred in the distribution and sale of the Company's products, all other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs which are not specifically part of production costs as required under Generally Accepted Accounting principles. Allocations between general and administrative expenses and cost of sales are made on a consistent basis when required.

Cash and cash equivalents

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

Trade receivable

Receivable are non- derivative financial assets with fixed payments that are quoted in an active market.

Trade receivable are stated at invoice amount less any provision for doubtful and a provision for doubtful debts is taken when there is an indication that the receivable may not be collected, and are written off in the same period when there is impossible recovery of them.

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Inventories and spare parts

Inventories are stated at the lower of cost or net realizable value. Cost is determined, for finished goods, on a first-in-first-out cost basis and includes cost of purchases, fund and other costs incurred in order to get and into warehouse. Raw material, work in process, spare parts and other inventories are stated at cost which is determined by using weighted average cost basis.

Projects in progress

The projects in progress have been prepared on cost, when project becomes ready to use, it is transferred to the related property, plant equipment caption.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	Annual depreciation rate
Buildings and constructions	2%
Plant and machinery	10%
Electricity transformation station and electrical devices	10% - 25%
Central heating and sanitary	10%
Vehicle, mixers, and pumps	10%
Furniture and decoration	20%
Tools and others	15-25%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and amortization period appropriate with the expected economic benefits of property and equipment. Impairment test is performed to the value of the property and equipment that appears in the Statement of Financial Position When any events or changes in circumstances shows that this value is non-recoverable.

In case of any indication to the low value, Impairment losses are calculated according to the policy of the low value of the assets

At the exclusion of any subsequent property and equipment, recognize the value of gains or losses resulting, Which represents the difference between the net proceeds of exclusion and the value of the property and equipment that appears in the Statement of Financial Position, Gross Profit and loss.

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
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The Decline in value of the financial assets

In date of each consolidated statement of financial position, values of the financial assets have been reviewed, to determine if there is any indication to decline in its value.

As for the financial assets such as trade accounts receivable and assets were evaluated as individual low-value, were evaluated for the decline in the value on a collective basis. The substantive evidence for decline in portfolio of the accounts receivable includes the past experience about the collection of payments. And the increase in the number of the late payments portfolio (which it's beyond the rate of borrowing) also it includes the significant changes in the international and local economic conditions that are related with non-collection of accounts payable.

The Reduce in the listed value of the financial assets is the amount of loss decline of value directly. And this is for all the financial assets except the trade accounts receivable as the listed value had been reduced by provisions accounts. When is one of the accounts receivables are non-collected then write off the amount of this debt and the equal amount from account of provisions.

The changes in the listed value for the provisions account recognized in the consolidated statement of comprehensive income.

As for the ownership equity tools which are available for sale, decline losses are not closed in the recognized value in the comprehensive income statement. However any increase in the fair value become after decline loss has recognized directly in consolidated owner's equity statement.

The Provisions

The provision had been formed, when the Company has a present obligation (legal or expected) from past events which its cost of repayment consider accepted and it has ability to estimate it reliably.

The provision had been measured according to the best expectations of the required alternative to meet the obligation as of the consolidated statement of financial position date after considering the risks and not assured matters about the obligation. When the provision is measured with the estimated cash flows to pay the present obligation, then the accounts receivable are recognized as asset in case of receipt and replacement of the amount is certain and it able to measure the amount reliably.

Contingent liabilities

Contingent liabilities are based on the possibility the arise of uncertain future events, or present obligations without the occurrence of payments or the inability to be measured reliably.

Contingent liabilities are not recognized in the consolidated financial statement.

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The decline in value of the non-current assets

The decline in value of the non-current assets, in the date of each consolidated statement of financial position the Company reviews the listed values for its assets to specify if there is an indication to decline losses of the value. If there is an indication to that, the recovery value of the asset will be appreciated to determine the loss of decline in the value if it occurs. In case, in ability to appreciate the recovery value of specific asset. The company estimate the recovery value for unit producing of cash that related in the same asset .when there is ability to determine basis of distribution that is fixed and reasonable, the joint assets distribute to units producing of cash that related in the same asset. the common assets distribute to specific units producing of cash or it is distributed to specific units producing of cash or it distribute to smallest group from units producing cash that can determine basis of distribution fixed and reasonable for it.

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

In case, the recovery value of an asset (or the unit producing of cash) is estimated lower than the listed value, reduce the listed value for asset should be reduced (or unit producing of cash) to the recovery value. Losses of the decline recognized directly in the comprehensive income statement unless the asset that is re-evaluated then losses are recorded of the decline as a reduction from re-evaluated provision.

Accounts payable

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

Goodwill

International Accounting Standards Board issued International Financial Reporting Standard No. 3/Integration.

The recorded increase purchase cost over the fair value of invested as goodwill.

When the recoverable amount of this goodwill less that the net book value, goodwill is reduced to the recoverable amount and the value of the declining are recorded in the consolidated statement of comprehensive income

Resulting Goodwill on acquisition of subsidiary or joint control of an entity represents the purchase cost for the company's share in the net fair value of the assets, liabilities and contingent liabilities of the subsidiary identified and recognized as at the date of purchasing First, goodwill recorded as an asset on the basis of cost, then measured later on the basis of cost less accumulated decline in value for the purposes of impairment testing Goodwill is distributed to all cash-generating units in the company and which is expected to benefit from the integration process.

For the purposes of impairment, goodwill is distributed on all units generating cash which is expected to benefit from consolidation, an annual test is done for cash generating units, which goodwill has been distributed for them, or at more frequent if any such indication exists in the declining of the unit value, If the recoverable amount of the cash-generating unit is less than its carrying amount, it is first loaded impairment loss to reduce the carrying amount of goodwill allocated to the unit and then on the other assets listed on the basis of the carrying amount of each asset in the unit. That the recorded impairment losses of goodwill can not be reversed in subsequent periods.

At the exclusion of a subsidiary Company, the value of goodwill allocated to them to determine the profit or loss resulting from the exclusion.

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Leasing

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

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

The sectoral report

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

Group include key business sector to invest in financial assets & ready mix concert and the transport sector and shipping sector maintenance& spare parts and operate only inside the Hashemite Kingdom of Jordan.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position only when there are legal rights to offset the recognized amounts, the Bank intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Income tax

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

The use of estimation

The preparation of financial statements and the application of accounting policies required of the Company's management to make estimates that affect the amounts of financial assets and liabilities and disclosure of contingent liabilities, these estimates also affect the revenues, expenses and provisions.

As well as changes in fair value that appears in the owners' equity.

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In particular, required of the Company's management to issue important judgments to estimate the amounts of future cash flows and its times. Mentioned that the estimates are shown necessarily on the assumptions and multiple factors have a varying degree of appreciation and uncertainty and that actual result may differ from estimates. As a result of changes resulting about the conditions and circumstances of these estimates in the future. We believe that our estimates in the consolidated financial statements are reasonable, detailed as follows:-

Impairment losses on receivable. Impairment losses are reviewed within the foundations established by the administration and International Financial Reporting Standards. The management reviewed periodically of financial assets which are stated at cost to assess any decline in its value.

This declining is recorded in the statement of comprehensive income.

Adoption of estimate useful lives of intangible assets periodically for the purpose of calculating depreciation declining losses is (if any) recorded in the consolidated statement of comprehensive income.

Related parties

The transactions with related parties is in the transfer of resources and services and obligations between related parties, conditions and basis of transactions between related parties are made by the administrations.

Foreign currency translation

Foreign currency transactions are translated into Jordanian dinar at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at the date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of comprehensive income.

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4. GOODWILL

At the end of 2007, the Company purchased all partners shares in share capital of Jordan Modern Ready Mix Concrete Limited Liability Company for JD 30,919,983 according to net shareholders equity as of January 1, 2007 amounted JD 6,258,803, and the difference JD 24,661,180 was considered as a goodwill, resulting from purchasing all share capital on that company.

On the date of purchasing the activity of the Jordan Ready mix concrete company were transport and road freight, manufacturing and sale of concrete, maintenance and manufacture trailers then the year ended December 31, 2009.

In 2010 were separated transport and road freight and convert it to the company Advanced Transportation and Shipping services (a subsidiary company 100% owned by).

In mid 2010 were separated maintenance and industry trails and convert it to the company Vision for the Maintenance of Spare Parts (a subsidiary company 100% owned by) and the transfer of property and equipment and spare parts according to the book value between the subsidiaries where not under any significant gains or loses between subsidiaries or a material effect on the consolidated financial statement.

Goodwill arising from the procurement process worth of JD 24,661,180 were subjected to impairment test in accordance with International Financial Reporting Standards.

They were distributed to cash – generating units following a:

- Ready mix concert
- Transportation & shipping service.

Before recognition goodwill impairment losses (if any) have been distributed amount of goodwill on the cash- generality unites as following:

	March 31, 2017	December 31, 2016
Jordan Modern Ready mix concert Company	12,330,590	12,330,590
Advanced Transportation and Shipping Services Company	12,330,590	12,330,590
	24,661,180	24,661,180

Annual Impairment Test

During the financial year parent company has assessed the recoverable amount of the good will, and has been identified that there is no decline is the value of the goodwill associated with the subsidiary company, which is working with manufacturing and selling of ready mix concrete.

The recoverable amount of cash generating manufacturing & selling of Ready mix concert unit measured on the basis of value in use. Were calculating using the expected cash flows through the budgets and approved by the directors of the company which covers the next five years on the basis of a discount rate of 15.3% per year.

During the financial year parent company has assessed the refund value of the good will and hit has been identified that there is no decline is the value of the goodwill associated with the subsidiary company, which is working with manufacturing and selling of ready mix concrete .

The recoverable amount of cash generating manufacturing and selling of Transportation & shipping services unit measured on the basis of value in use. Were calculating using the expected cash flows through the budgets and approved by the directors of the company which covers the next five years on the basis of a discount rate of 12.9% per year.

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5. PROPERTY AND EQUIPMENT

	March 31, 2017	December 31, 2016
Cost:		
Balance in the first period	125,291,438	95,838,043
Additions	3,410,696	32,727,175
Disposals	(181,537)	(4,086,728)
Transfers to / from property held for sale	-	812,948
Balance at end of period	128,520,597	125,291,438
Balance in the first period	29,861,054	25,861,780
Depreciation	1,789,421	5,507,711
Disposals	(20,459)	(1,847,321)
Transfers to / from property held for sale	-	338,884
Balance at end of period	31,630,016	29,861,054
	96,890,581	95,430,384

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**6. INVESTMENT IN FINANCIAL ASSETS DESIGNATED AT FAIR VALUE
THROUGH STATEMENT OF OTHER COMPREHENSIVE INCOME**

This item represents the investment cost in Solidarity Company for Construction Industries which registered on the Ministry of Industry and Trade in the Hashemite Kingdom of Jordan on November 25, 2004, which represents 5.333% of its share capital.

7. PREPAID EXPENSES AND OTHER RECEIVABLES

	2017	2016
Refundable deposit	110,322	110,322
Due from employees	203,954	271,630
Suppliers	255,458	230,190
Prepaid expenses	1,358,425	1,452,521
guarantee deposits	13,401	10,301
Maintenance orders	66,150	11,976
Social Security Claims	121,013	115,453
Sales tax	13,051	-
Income tax	1,786	-
Other receivables	19,030	5,451
	<u>2,162,590</u>	<u>2,207,844</u>

8. INVENTORIES AND SPARE PARTS

	2017	2016
Raw materials	480,063	522,538
Spare parts	6,099,385	5,966,343
Fuel	117,274	216,797
	<u>6,696,722</u>	<u>6,705,678</u>

9. ACCOUNTS RECEIVABLE AND CHECKS UNDER COLLECTION

	2017	2016
Checks under collection	25,772,098	23,844,893
Trade receivables	18,663,682	17,315,670
Due from related parties (Note – 15)	6,118,188	3,690,527
Allowance for impairment loss on trade receivable	(700,000)	(700,000)
	<u>49,853,968</u>	<u>44,151,090</u>

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10. CASH AND CASH EQUIVALENTS

	2017	2016
Cash and checks on hand	71,729	13,767
Check box	148,345	
Cash at banks	2,424,354	2,177,425
	<u>2,644,428</u>	<u>2,191,192</u>

11. PROPERTY AND EQUIPMENT HELD FOR SALE

This item represents the net book value of machinery and equipment developed for the company to transport services and road freight LLC (a subsidiary), which was stopped functioning and display sublet by a decision of Directors on June 1, 2015 .

	2017	2016
Beginning balance	-	2,384,951
Disposals	-	(1,910,887)
	-	(474,064)
Transfers (to) / from property and equipment *	-	-

* Property and equipment held for sale and transferred (to) / from property and equipment, are as follows:

	2017	2016
Cost	-	812,948
	-	(338,884)
Accumulated Depreciation	-	474,064

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12. RESERVES AND DIVIDENDS

Statutory reserve

In accordance with the Companies' Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 25% of the capital. However, the Company may, with the approval of the General Assembly continue deducting this annual ratio until this reserve is equal to the subscribed capital of the Company in full. This reserve is not available for dividends distribution.

Proposed dividends to shareholders

The board of directors of the Company at its meeting held on January 31, 2017 recommended to distribute of profits to shareholders by 11.25% from paid capital and the board of director will submit a recommendation to the general board at its meeting to be held in March 31, 2017 to distribute which values JD 9,000,000 to shareholder 11.25% from paid capital.

13. ACCRUED EXPENSES AND OTHER PAYABLES

	2017	2016
Accrued expenses	485,586	878,078
Due to social security	117,307	72,086
Due to sales tax	22,579	158,985
Due to income tax	4,761	4,234
The board of directors remunerations provisions	23,250	25,000
Employees payable	58,421	36,466
Prepayment from clients	1,065,397	394,608
Shareholders	9,000,000	-
Income tax provision	1,022,404	1,114,476
	<u>11,799,705</u>	<u>2,683,933</u>

14. ACCOUNTS PAYABLE

	2017	2016
Trade payable	1,760,597	2,420,504
Due to related parties (Note – 15)	6,930,657	770,946
	<u>8,691,254</u>	<u>3,191,450</u>

15. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties consist transactions with companies which is under common control by the partners and transactions with partners and associated companies, and the adoption of policies and Conditions of transactions with related parties by the management company transactions with related parties other than the owner or the Company's shareholder are certificants of commercial nature, and the transaction with the owner or the Company's shareholder are certificants of a financial nature.

	March 31, 2017	March 31, 2016
Revenues	5,240,394	2,887,935
Purchases and expenses	14,203,499	10,710,947

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During the year, the Company executed some transaction with the following related parties:

NAME	RELATIONSHIP
Manaseer Group for Industrial and Commercial Investments	Holding Company Head of Board of Directors
Eng Ziad Khalaf Mohammad Al Manaseer	Sister
Arab Towers Contractors Co.	Sister
Al - Manaseer Trading Services	Sister
United Iron and Steel Manufacturing Co.	Sister
Luminous Education, Training and Consulting Co.	Sister
Mediterranean and gulf insurance and reinsurance co (Medgulf- Jordan)	Sister
Al Bunyan for Cement and Concrete products manufacturing Co.	Sister
Jordan Modern for Oil and Fuel Services Co.	Sister
Jordan Modern for Information Technology Co.	Sister
Trust Industrial Concrete Co.	Sister
Luminus for technology Co.	Sister
Jordan Modern Mining Company Co .	Sister
Jordan Modern for Cement & Mining Co.	Sister
Al Addeiat Al Sareeah for machinery trading Co.	Sister
Jordan Modern for chemical industries Co.	Sister
Alkhutut Alme` Amereah Co.	Sister
Developed Crushes Co.	Sister
Jordan Clearing and Transportation Co.	Sister
Jannah Dates	Sister
Roma Cargo Co.	Sister
Jordan Mining Co.	Sister
Jordan Modern Food Industries Co.	Sister

due from related parties is as follows:

	2017	2016
Eng Ziad Khalaf Mohammad Al Manaseer	-	613,225
Manaseer Group for Industrial and commercial Investment	-	126,419
Modern Cement and mining Co.	-	803
Arab Towers Contractors Co.	3,511,954	549,215
Luminous Education, Training and Consulting Co.	3,902	-
United Iron and Steel Manufacturing Co.	1,215,328	1,395,998
Trust Industrial Concrete Co.	33,104	2,460
Al Bunyan for Cement and Concrete products manufacturing Co.	359,875	85,042
Jordan Mining Co.	194,423	193,657
Jordan Clearing and Transportation Co.	-	718,694
Jordan Modern for Information Technology Co.	-	4,394
Jordan Modern Mining Company Co .	493,296	-
Developed Crushes Co.	38,382	-
Roma Cargo Co.	2,605	-
Alkhutut Alme` Amereah Co.	262,375	-
Jordan Modern for chemical industries Co.	751	-
Jordan Modern Food Industries Co.	1,279	-
Luminus for technology Co.	914	620
	6,118,188	3,690,527

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due to related parties is as follows:-

	2017	2016
Mediterranean and Gulf Insurance Co (Medgulf- Jordan)	365,776	108,911
Roma Cargo Co.	-	294,859
Jordan Modern for Oil and Fuel Services Co.	2,651,998	302,396
Developed Crushers Co.	-	55,053
Al Addeiat Al Sareeah for machinery trading Co.	807,747	8,968
Jordan Clearing and Transportation Co.	13,177	-
Manaseer Group for Industrial and Commercial Investments	11,089	-
Jordan Modern for Information Technology Co.	29,233	-
Jordan Modern for Cement & Mining Co.	3,045,588	-
Jannah Dates	2,100	-
Al - Manaseer Trading Services	3,949	-
Jordan Modern Food Industries Co.	-	759
	6,930,657	770,946

16. LOANS AND MURABAHA

	2017	2016
Al Rajhi Bank Murabaha	5,979,537	5,953,811
Capital Bank of Jordan loan	1,541,437	1,557,673
Jordan Ahli Bank loan	3,503,932	661,713
Investment Bank	3,014,275	-
Total loans and Murabaha	14,039,181	8,173,197
Less: current portion	6,842,309	3,780,422
Long-term portion	7,196,872	4,392,775

-Al Rajhi Bank

Advanced Transportation and shipping Services Company obtained facilities during 2016 from Al Rajhi JD 6,000,000 and is paid by monthly installments each for 166,666. Also, the Company obtained revolving loans on letters of credit by 2,000,000 and in which it is personally guaranteed by Eng Ziad Khalaf Mohammad Al Manaseer and mortgaging vans by 7,149,254 for Al Rajhi Bank.

- Jordan Capital Bank

Jordan modern ready mix Concrete Company obtained a loan from Jordan Capital Bank by \$ 2,197,000 for the purpose of financing the purchase of Solar Cells with an interest of 4.8 % and without a commission in which the bank restricted JD 467,302 from the current account which counts the last installment. The loan is repaid in 9 years within a year allowance and in 96 monthly installments within an irregular interest each for \$ 22,390 except for the last installment and is guaranteed by Mr. Ahmad Khalaf Al Manaseer.

-Jordan Ahli Bank

Advanced Transportation and shipping Services Company obtained facilities from Jordan Ahli Bank within a ceiling of financing letters of credit by 5,000,000 and, It is repaid by equal monthly installments for 24 months and it is personally guaranteed by Eng Ziad Khalaf Mohammad Manaseer and Afaq investments and real estate development company.

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-Investment Bank

During the year 2017, the Advanced Transport and Land Transport Company (a subsidiary) obtained a loan from the investment bank worth JD 3,000,000 and is repayable under 36 monthly installments of JD 83,400 each, excluding the interest of Ziad Khalaf Mohammed Al Manasir. Afaq Investment & Real Estate Development Holding Company (parent company).

17. BANK OVERDRAFT

Arab Bank

The subsidiary (Jordan Modern Ready Mix Concrete) has obtained facilities from the Arab Bank up to JD 3,950,000 by the guarantee for Eng. Ziad Khalaf Al-Manaseer, deposit checks under collection and mortgaging some lands owned by the Company, and it has been fully paid in 2016.

Jordan Bank

The subsidiary (Jordan Modern Ready Mix Concrete) has obtained facilities from the Arab Bank up to JD 3,000,000, as well as funding allocations up to JD 2,000,000 by the guarantee for Eng. Ziad Khalaf Al-Manaseer, deposit checks under collection and mortgaging some lands owned by the Company, and it has been fully paid.

Investment Bank

The subsidiary (Jordan Modern Ready Mix Concrete) obtained bank facilities in 2016 as follows:

- Current Ceiling by JD 1,000,000.
- Revolving ceiling (financing purchases) by JD 2.65 M including letter of credit
- Revolving ceiling (sales financing) by JD 3 M for checks under collection.
- Guarantees ceiling by JD 350,000.

Jordan Ahli Bank

The subsidiary (Advanced Transportation and shipping Services Company) obtained bank facilities by 3,000,000 within an interest of %7.25 without commission, and is personally guaranteed by Eng Ziad Khalaf Mohammad Al Manaseer and Afaq investments and real estate development company (Parent Company) and Jordan Modern Ready Mix Concrete (Sister Company) and by restricting checks that covers 100% of the current balance.

Audi Bank

The subsidiary (Advanced Transport and Land Freight Company LLC) has obtained a bank facility in the form of a current debtor with a ceiling of JD 2,000,000, which is to guarantee the personal guarantee of Ziad Khalaf Mohammed Al Manaseer and ensure Afaq Investment & Real Estate Development Holding Company Jordan Modern Concrete Company (sister company).

The subsidiary (Advanced Company for Transport and Land Freight LLC) has received a revolving loan with a ceiling of 2,000,000 JD to finance the working capital of the company and to be paid in installments that are entitled to a maximum of 6 months from the date of financing. (The parent company) and ensure the Jordanian Modern Company for ready-made concrete (sister company).

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18 -Risk management

Include the risks those they may be exposed to the Company's market risk, credit and liquidity, which is managed by the Company as follow.

Market risk

Market risk is defined as the risk that the fair value or future cash of a financial instrument will fluctuate because of changes in market prices. It comprises the following risks:

Currency risk

Currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates, risks related to the financial instruments denominated in USD are low due to the constancy of exchange rate of JD against USD, while risks related to other foreign currencies were reflected in the consolidated of comprehensive income statement.

Interest rates risk

Interest rate risk is defined as the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates, the financial instruments in the consolidated statement of financial position are not subject to interest rate risk with the exception of due to banks and loans that are subject to current market interest rates.

Other price risk

Other price risk is defined as the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors all similar financial instruments traded in the market, the financial instruments in the consolidated statement of financial position are not subject to other pricing risk with the exception of investments.

Credit risk

Credit risk is defined as the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge an obligation, the Company maintains cash at financial institutions with suitable credit rating, the Company looks forward to reduce the credit risk by maintaining a proper control over the customers credit limits and collection process and take provisions for doubtful accounts.

Liquidity risk

Are the risks of inability to pay the financial obligations that were settled by receiving cash or another financial assets.

Liquidity risk management by control on cash flows and comparing them with maturities of assets and financial liabilities.

19- APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issuance on April 26, 2017.