



التاريخ: 27/03/2018

للانصاف  
\* بورصة عمان  
الساحلي  
السيرة عمان  
السيرة عمان

نرفق لكم طيه القوائم المالية الموحدة باللغة الانجليزية لشركة دارات الأردنية القابضة للسنة المنتهية في 31 كانون أول 2017 .

وتفضلوا بقبول فائق الاحترام،،،،

شركة دارات الاردنية القابضة



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DARAT JORDAN HOLDINGS COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017



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## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### Revenue recognition

Total recognized revenues for the year ended 31 December 2017 amounted to JD 343,000. We focus on revenue recognition because it is an important determinant of the Group's performance and profitability. In addition, there is a risk of improper revenue recognition, particularly with regard to revenue recognition in the correct reporting period.

### Audit procedures

Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of applicable accounting standards. Furthermore, since the Group has limited number of sales transactions, we obtained the full list of sales transactions during the year, substantiated to supporting documents, and tested proper recording and recognition. Refer to note 5 to the consolidated financial statements for significant accounting policies and significant judgements and estimates applicable to revenue account.





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**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of Darat Jordan Holdings Company**  
**Amman – Jordan**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of Darat Jordan Holdings Company - Public Shareholding Company (the Company) and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





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### **Other information included in the Group's 2017 annual report.**

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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





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## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

The Group maintains proper books of accounts which are in agreement with the financial statements.

Ernst & Young / Jordan

**ERNST & YOUNG**

Amman - Jordan

Waddah Barkawi

Registration No. 591

Amman - Jordan

12 March 2018



**DARAT JORDAN HOLDINGS COMPANY**  
**PUBLIC SHARE HOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF 31 DECEMBER 2017**

**ASSETS**

	Notes	2017 JD	2016 JD
<b>Non-Current Assets -</b>			
Properties and equipment			
Investments in lands	6	19,258	20,659
Properties under development	7	3,163,136	3,163,136
Investments in associates	8	1,745,902	1,913,029
Long term cheques under collection	9	1,852,322	1,822,349
Advance payments on investments		-	102,364
		-	46,890
		<u>6,780,618</u>	<u>7,068,427</u>
<b>Current Assets-</b>			
Financial assets at fair value through profit or loss	10	1,154,905	1,517,785
Accounts receivable		-	1,255
Other current assets	11	37,907	53,934
Short term cheques under collection		102,364	418,860
Due from related parties	20	34,889	64,717
Restricted cash	18	210,468	386,881
Cash and bank balances	12	2,400,054	1,733,365
		<u>3,940,587</u>	<u>4,176,797</u>
<b>Total Assets</b>		<u>10,721,205</u>	<u>11,245,224</u>

**EQUITY AND LIABILITIES**

<b>Equity-</b>			
Paid in capital	1, 13	11,250,000	15,000,000
Statutory reserve	13	29,308	29,308
Accumulated losses		(567,967)	(3,798,787)
		<u>10,711,341</u>	<u>11,230,521</u>
Non-controlling interests		-	-
<b>Total Equity</b>		<u>10,711,341</u>	<u>11,230,521</u>
<b>Liabilities-</b>			
<b>Current Liabilities-</b>			
Accounts payable and other current liabilities	14	9,864	14,703
<b>Total Liabilities</b>		<u>9,864</u>	<u>14,703</u>
<b>Total Equity and Liabilities</b>		<u>10,721,205</u>	<u>11,245,224</u>

The accompanying notes from 1 to 26 are part of these consolidated financial statements

**DARAT JORDAN HOLDINGS COMPANY  
PUBLIC SHAREHOLDING COMPANY  
CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 JD	2016 JD
Farm's sales			
Residential apartment's sales		451,600	1,011,951
Cost of farm's sales		-	188,500
Cost of residential apartment's sales	8	(449,939)	(1,023,449)
<b>Gross profit (loss)</b>		<u>-</u>	<u>(201,484)</u>
		1,661	(24,482)
Depreciation			
(Losses) gains on financial assets at fair value through profit or loss	6	(4,316)	(3,592)
Administrative expenses	15	(435,575)	158,717
Other income, net	16	(265,205)	(287,204)
Interest income		21,106	15,392
Group's share of profit of associates		90,066	59,416
<b>(loss) profit for the year before income tax</b>	9	<u>73,083</u>	<u>194,665</u>
Income tax		<u>(519,180)</u>	<u>112,912</u>
<b>(Loss) profit for the year</b>		<u>-</u>	<u>-</u>
		<u>(519,180)</u>	<u>112,912</u>
<b>Attributable to:</b>			
Equity holders' of the parent		(519,180)	111,967
Non-controlling interests		-	945
		<u>(519,180)</u>	<u>112,912</u>
<b>Basic and diluted earnings per share of (loss) profit for the year attributable to equity holders</b>	17	<u>JD/Fils</u> <u>(0/046)</u>	<u>JD/Fils</u> <u>0/0099</u>

The accompanying notes from 1 to 26 are part of these consolidated financial statements

**DARAT JORDAN HOLDINGS COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	<u>2017</u>	<u>2016</u>
	<u>JD</u>	<u>JD</u>
(Loss) profit for the year	(519,180)	112,912
Other comprehensive income items which will not be reclassified to profit or loss in subsequent periods, net of tax		
Realized losses from sale of financial assets at fair value through other comprehensive income	-	(2,064,936)
<b>Total of comprehensive income for the year</b>	<u>(519,180)</u>	<u>(1,952,024)</u>
<b>Attributable to:</b>		
Equity holders' of the parent	(519,180)	(1,952,969)
Non-controlling interests	-	945
	<u>(519,180)</u>	<u>(1,952,024)</u>

The accompanying notes from 1 to 26 are part of these consolidated financial statements



**DARAT JORDAN HOLDINGS COMPANY  
PUBLIC SHAREHOLDING COMPANY**

	Accumulated losses					
	Paid in capital	Statutory reserve	Accumulated losses	Unrealized (losses) gains		Total
				JD	JD	
<b>For the year ended 31 December 2017 -</b>	JD	JD	JD	JD	JD	JD
Balance at 1 January 2017	15,000,000	29,308	(4,083,448)	284,661	(3,798,787)	11,230,521
Decrease in capital (note 1)	(3,750,000)	-	3,750,000	-	3,750,000	-
Total comprehensive income for the year	-	-	(53,701)	(465,479)	(519,180)	-
<b>Balance at 31 December 2017</b>	<b>11,250,000</b>	<b>29,308</b>	<b>(387,149)</b>	<b>(180,818)</b>	<b>(567,967)</b>	<b>10,711,341</b>
<b>For the year ended 31 December 2016 -</b>						
Balance at 1 January 2016	15,000,000	14,811	(1,986,669)	155,348	(1,831,321)	13,183,490
Profit for the year	-	-	(17,346)	129,313	111,967	111,967
Realized losses from sale of financial assets at fair value through other comprehensive income	-	-	(2,064,936)	-	(2,064,936)	(945)
Total comprehensive income for the year	-	-	(2,082,282)	129,313	(1,952,969)	13,182,545
Transfer to statutory reserve	-	14,497	(14,497)	-	(14,497)	945
<b>Balance at 31 December 2016</b>	<b>15,000,000</b>	<b>29,308</b>	<b>(4,083,448)</b>	<b>284,661</b>	<b>(3,798,787)</b>	<b>11,230,521</b>

**The accompanying notes from 1 to 26 are part of these consolidated financial statements**

**DARAT JORDAN HOLDINGS COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

<u>OPERATING ACTIVITIES</u>	Notes	2017 JD	2016 JD
(Loss) profit before income tax		(519,180)	112,912
<b>Adjustments for:</b>			
Depreciation			
Interest income	6	4,316	3,592
Change in fair value of financial assets at fair value through profit or loss	15	(90,066)	(59,416)
Group share of profit of associates		465,479	(129,313)
(Gain) loss on disposal of properties and equipment	9	(73,083)	(194,665)
Transfers to revenues from advances from customers		(2,500)	7,538
		-	(151,267)
<b>Working capital changes:</b>			
Cheques under collection		418,860	21,692
Accounts receivable and other current assets		17,282	20,745
Accounts payable and other current liabilities		(4,839)	(3,219)
Restricted cash		176,413	(59,132)
Real estate inventory		-	185,612
<b>Net cash flows from (used in) operating activities</b>		<u>392,682</u>	<u>(244,921)</u>
<u><b>INVESTING ACTIVATES</b></u>			
Purchase of financial assets at fair value through profit or loss			
Purchase of properties and equipment	6	(103,517)	(878,625)
Proceeds from sale of financial assets at fair value through other comprehensive income		(2,915)	(11,332)
Proceeds from sale of financial assets at fair value through profit or loss		-	889,447
Proceeds from sales of properties and equipment		918	-
Related parties transactions		2,500	-
Properties under development		29,828	(55,284)
Interest received		167,127	666,643
Advance payments on investments		90,066	43,847
Dividends from associates		-	(46,890)
<b>Net cash flows from investing activities</b>	9	<u>90,000</u>	<u>90,000</u>
		<u>274,007</u>	<u>697,806</u>
<b>Net increase in cash and cash equivalents</b>		<u>666,689</u>	<u>452,885</u>
Cash and cash equivalents at 1 January		1,733,365	1,280,480
<b>Cash and cash equivalents at 31 December</b>	12	<u>2,400,054</u>	<u>1,733,365</u>

The accompanying notes from 1 to 26 are part of these consolidated financial statements



**(1) General**

Darat Jordan Holdings Company was established as a public shareholding Company on 6 December 2007 with an authorized and paid in capital of JD 15,000,000 divided into 15,000,000 shares at a par value of JD 1 per share. The Group was granted the right to commence its operations on 10 April 2009.

The General Assembly approved in its extraordinary meeting held on 29 April 2017 to decrease the Company's share capital by 25% through writing off accumulated losses by JD 3,750,000. Accordingly, the authorized and paid in capital became JD 11,250,000 divided into 11,250,000 shares at a par value 1 JD per share. The Company completed the procedures with the Ministry of Industry and Trade on 12 July 2017 and with the Jordan Securities Commission on 6 August 2017.

The financial statements were issued by the group board of directors in on 12 March 2018.

The Group's objectives are to invest its funds and sources of financing in all types of available investments in different economic, financial, industrial, commercial, agriculture, real estate, tourism, and services sectors through its subsidiaries and owned companies

The Company's headquarter is located in Khalda, King Abdullah the Second Street, Building 167, Amman-Jordan.

**(2) Basis of preparation**

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss that have been measured at fair value as at the date of the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards "IFRS".

The consolidated financial statements are presented in Jordanian Dinars "JD" which is the functional currency of the Group.



**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AT 31 DECEMBER 2017**

**(3) Basis of consolidation**

The consolidated financial statements comprise the financial statements of Darat Jordan Holdings Company ("The Company") and its subsidiaries (referred to together as "the Group") as of 31 December 2017:

Group name	Paid in capital JD	Principle activities	Ownership percentage %		Group Nature
			2017	2016	
Darat Al Reef Jordan Real estate Company	50,000	Real Estate Development	100	100	Private shareholding Company
Jordanian European Real Estate Management Company	5,000	Real Estate Management	100	100	Limited Liability Company
Altanfezeyoun for Real Estate Development	10,000	Real Estate Services Management	100	100	Limited Liability Company
Al Mashkah Company	10,000	Financial and educational consultations	100	100	Limited Liability Company
Al Marsa Alamen for Real Estate Development	1,000	Real Estate Services Management	100	100	Limited Liability Company
Al Hadas for development and investments Company	19,000	Real Estate Services Management	100	100	Limited Liability Company

The control exists when the Group controls the subsidiaries' significant and relevant activities, and is exposed, or has the rights, to variable returns from its involvement with the subsidiaries, and has the ability to affect those returns. Control over the subsidiaries is exercised when the following factors exist:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Group owns less than a majority of the voting rights in an investee, in this case, the Group considers all factors and circumstances to determine whether it has control over the investee, which include the following:

- Contractual agreements with shareholders that have voting rights in the investee.
- Rights resulting from other contractual arrangements.
- The Group's current and future voting rights in the investee.

The Group reassesses its control over the investee when circumstances and factors exist that lead to the change in one or more of the three factors listed above.



Subsidiaries are fully consolidated from the date of acquisition being the date on which the Group gains control, and continues to do so until the date when such control ceases. The subsidiaries revenues and expenses are consolidated in the consolidated statement of comprehensive income from the date the Group gains control over the subsidiaries until that control ceases.

Profits, losses, and all other comprehensive income items are attributed to the shareholders' equity of the parent company, and to non-controlling interest, even if this leads to a deficit balance. If need arises, the subsidiaries' financial statements are adjusted accordingly to comply with the Group's accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of profit or loss and other comprehensive income
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

#### **(4) Use of estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amounts and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.



**(4) Use of estimates (continued)**

**Useful life of properties and equipment**

The Group's management estimates the useful life for properties and equipment for the purpose of calculating depreciation by depending on the expected useful life of these assets. Management reviews the remaining book value and useful life annually. Future depreciation expense is adjusted if management believes that the remaining useful life of the assets differs from previous estimations.

**Provision for doubtful debts**

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

**(5) Significant accounting policies**

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2016 except for the followings:

**Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative**

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Group's consolidated financial statements.

**Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses**

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Group's consolidated financial statements.



**(5) Significant accounting policies (continued)**

The significant accounting policies adopted are as follows:

**Properties and equipment**

Properties and equipment are stated at cost, net of accumulated depreciation and any impairment value. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of comprehensive income.

Properties and equipment are depreciated when they become ready for use, on a straight line basis over the estimated useful lives using the following rates:

	<u>%</u>
Tools and equipment	15
Furniture and fixtures	15
Vehicles	15
Computers and software	25

The useful life and depreciation method are reviewed on a regular basis to ensure that that the depreciation method is in line with the expected economic benefits of the properties and equipment.

If carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The value of impairment is recorded in the consolidated statement of comprehensive income.

**(5) Significant accounting policies (Continued)**

**Investments in lands**

Investments in lands are stated at cost or net sellable value, whichever is less. Impairment on land held for investment is recorded in the statement of income.

**Properties under development**

Properties under development include the cost of land, design, construction, and other direct costs.

Properties under development are not depreciated until it becomes ready for use.

**Investments in associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of income reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's consolidated statement of other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.



**(5) Significant accounting policies (Continued)**

**Investments in associates (continued)**

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as share of profit of an associate in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

**Real Estate Inventories**

Property held for sale is classified as part of the Group's business and not for renting as real estate property and is measured at cost or net of cost to sell which ever is less.

Costs include:

- Cost of lands.
- Construction costs paid to contractors.
- Borrowing, design, planning and site processing costs as well as professional fees for legal services, property transfer taxes and other direct and indirect construction costs.
- Commissions paid to sales agents are recognized as an expense when paid.
- Net realizable value represents the estimated selling price in the ordinary course of business of the Group based on market prices of the date of the consolidated financial statements discounted for the time value of money less costs to complete construction and estimated selling costs.
- The cost of real estate inventory recorded in the consolidated statement of comprehensive income is determined based on the costs incurred on the property as well as the distribution of undisclosed costs according to the units sold.



**(5) Significant accounting policies (Continued)**

**Financial assets at fair value through profit and loss**

Financial assets which are purchased with the aim of resale in the near future in order to generate profit from the short-term market prices fluctuation or the trading profit margins.

Financial instruments at fair value through profit or loss are initially measured at fair value, transaction costs are recorded in the consolidated statement of income at the date of transaction. Subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the consolidated statement of comprehensive income. When these assets or portion of these assets are sold, the gain or loss arising is recorded in the consolidated statement of comprehensive income.

Dividend and interest income are recorded in the consolidated statement of comprehensive income.

**Accounts receivable**

Accounts receivable are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of any amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

**Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, bank balances, and short-term deposits with an original maturity of three months or less.

**Accounts payable**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

**Provisions**

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be reliably measured.



**(5) Significant accounting policies (Continued)**

**Revenue and expense recognition**

Revenue from the sale of goods is recognized when significant risks and rewards of ownership of goods have passed to the buyer, usually when goods are shipped and invoices are issued.

Interest income revenue is recognized as interest accrues using the effective interest rate method.

Other revenues are recognized on an accrual basis.

Dividends are recognized when the shareholder's right to receive payment is established.

Expenses are recognized on an accrual basis.

**Income tax**

Income tax provision is calculated in accordance with the income tax law no. (34) of the year 2014, and in accordance with IAS 12, which requires the recording of deferred tax resulting from the difference between the carrying value and the taxable value of the assets and liabilities.

**Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.



**(5) Significant accounting policies (Continued)**

**Impairment of financial assets**

The Company assesses at each financial position date whether there is any objective evidence that a financial asset or a group of financial assets are impaired. A financial asset or a group of financial assets are considered impaired when there is objective evidence of impairment as a result of one or more events (loss event) that occur after the asset's initial measurement, that will have a direct and reasonably estimated impact on its future cash flows. Permanent impairment indicators could comprise of indications that the borrower or a group of borrowers are facing significant financial difficulties, or neglect, or default in making interest or principal payments, and are likely to be subject to bankruptcy or financial restructuring. Furthermore, permanent impairment indicators exist when observable data indicates the existence of a measurable decrease in estimated cash flows such as changes in the Group's economic conditions due to negligence.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated statement of financial position date, based on the rates declared by the Central Bank of Jordan.

Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items measured at fair value is recognized in the statement of comprehensive income.

Transaction differences for items of non-monetary financial assets and liabilities denominated in foreign currencies (like shares) are recognized as part of the change in fair value.



**(5) Significant accounting policies (Continued)**

**Fair Value**

The Group values financial instruments, such as derivatives and non-financial assets, at fair value at the date of the financial statements. In addition, the fair value of financial instruments is disclosed in (Note 21).

The fair value represents the price that will be obtained when selling the assets or the amount that will be paid to transfer the commitment of the transaction arranged between the participants in the market on measurement date.

Fair value is measured on the assumption that asset sales or liability settlement is done through major assets and liabilities markets. In the absence of the primary market, the most suitable market will be used to trade the assets and liabilities.

The Group measures the fair value for the assets and liabilities using the market participant's assumptions for valuing assets and liabilities assuming that participants act according to their economic interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company uses the following valuation techniques in setting the fair value of the financial instruments:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of the fair value note, the Group classifies the assets and liabilities according to its nature and the risks of the assets and liabilities, and the value of the fair value.

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**(6) Properties and equipment**

2017- Cost:	Tools and equipment		Furniture and fixtures		Vehicles		Computers and software		Total	
	JD		JD		JD		JD		JD	
Balance at 1 January 2017	20,000		87,815		51,246		6,536		165,597	
Additions	-		2,915		-		-		2,915	
Disposals	-		-		(8,353)		-		(8,353)	
<b>Balance as at 31 December 2017</b>	<b>20,000</b>		<b>90,730</b>		<b>42,893</b>		<b>6,536</b>		<b>160,159</b>	
<b>Accumulated Depreciation:</b>										
Balance at 1 January 2017	20,000		86,358		32,044		6,536		144,938	
Depreciation	-		1,070		3,246		-		4,316	
Disposals	-		-		(8,353)		-		(8,353)	
<b>Balance as at 31 December 2017</b>	<b>20,000</b>		<b>87,428</b>		<b>26,937</b>		<b>6,536</b>		<b>140,901</b>	
<b>Net book value</b>										
<b>At 31 December 2017</b>	<b>-</b>		<b>3,302</b>		<b>15,956</b>		<b>-</b>		<b>19,258</b>	



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**(6) Properties and equipment (continued)**

	Tools and equipment		Furniture and fixtures		Vehicles		Computers and software		Total	
	JD		JD		JD		JD		JD	
<b>2016-</b>										
<b>Cost:</b>										
Balance at 1 January 2016	20,000		96,474		40,446		6,536		163,456	
Additions	-		532		10,800		-		11,332	
Disposals	-		(9,191)		-		-		(9,191)	
<b>Balance as at 31 December 2016</b>	<b>20,000</b>		<b>87,815</b>		<b>51,246</b>		<b>6,536</b>		<b>165,597</b>	
<b>Accumulated Depreciation:</b>										
Balance at 1 January 2016	20,000		86,315		30,148		6,536		142,999	
Depreciation	-		1,696		1,896		-		3,592	
Disposals	-		(1,653)		-		-		(1,653)	
<b>Balance as at 31 December 2016</b>	<b>20,000</b>		<b>86,358</b>		<b>32,044</b>		<b>6,536</b>		<b>144,938</b>	
<b>Net book value</b>										
<b>At 31 December 2016</b>	<b>-</b>		<b>1,457</b>		<b>19,202</b>		<b>-</b>		<b>20,659</b>	

**(7) Investment in lands**

This item represents lands owned by the Group's subsidiaries (Darat Al Reef Jordan Real Estate Company, Al Tanfezyoun Real Estate Development Company, Al Marsa Al Amen for Real Estate Development and al Hadas for Development and Investments Company) for the purpose of Development and sale of those lands.

Market fair value of these lands is not less than their book value amounting to JD 3,163,136 in accordance to land valuation done by independent certified specialists.

**(8) Properties under development**

Movement on properties under development is as follows:

	Balance at 1 January 2017	Additions	Transfer to cost of sales	Balance at 31 December 2017
	JD	JD	JD	JD
Amman Reef Project	1,638,388	66,994	(449,939)	1,255,443
Residential Building Project	274,641	215,818	-	490,459
	<u>1,913,029</u>	<u>282,812</u>	<u>(449,939)</u>	<u>1,745,902</u>

**(9) Investments in associates**

	Country of incorporation	Percentage of ownership	Nature of activity	2017 JD	2016 JD
Al Rokn Al Italy Investments Company*				-	-
Jordan Cyprus for Logistic Services	Jordan	40%	Commercial	-	-
Ajiad Investments Company	Jordan	40%	Logistics	158,257	114,583
	Jordan	32.87%	Commercial	<u>1,694,065</u>	<u>1,707,766</u>
				<u>1,852,322</u>	<u>1,822,349</u>

Movements on investments in associates is as follows:

	2017 JD	2016 JD
Balance at 1 January		
Increase in Paid-In Capital of Associates	1,822,349	1,717,684
Group's share of profit of associates	46,890	-
Dividends form associates	73,083	194,665
	<u>(90,000)</u>	<u>(90,000)</u>
Balance at 31 December	<u>1,852,322</u>	<u>1,822,349</u>



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**(9) Investments in associates (Continued)**

The following table summarizes the financial information of the Group's investment in associates:

	Jordan Cyprus for Logistic Services		Ajlal Investments Company		Al-Rokn Al-Italy Investments Company*		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD	JD	JD
Current assets	1,188,987	1,043,690	5,022,302	5,404,298	1,206	1,206	6,212,495	6,449,194
Non – current assets	133,208	141,665	124	121	865,543	865,543	998,875	1,007,329
Current liabilities	(785,233)	(777,113)	(929,533)	(1,269,854)	(1,638,041)	(1,638,041)	(3,352,807)	(3,685,008)
Non – current liabilities	-	-	-	-	-	-	-	-
<b>Net equity</b>	<b>536,962</b>	<b>408,242</b>	<b>4,092,893</b>	<b>4,134,565</b>	<b>(771,292)</b>	<b>(771,292)</b>	<b>3,858,563</b>	<b>3,771,515</b>
Ownership percentage	40%	40%	32.87%	32.87%	40%	40%		
Group's share	158,257	114,583	1,345,560	1,359,033	-	-	1,503,817	1,473,616
Add: embedded goodwill	-	-	348,505	348,733	-	-	348,505	348,733
<b>Book value of investment</b>	<b>158,257</b>	<b>114,583</b>	<b>1,694,065</b>	<b>1,707,766</b>	<b>-</b>	<b>-</b>	<b>1,852,322</b>	<b>1,822,349</b>
Revenues	3,832,866	3,555,502	808,072	967,919	-	-	4,640,938	4,523,421
Operating expenses	(3,403,681)	(3,001,654)	-	-	-	-	(3,403,681)	(3,001,654)
Administrative expenses	(354,481)	(400,067)	(575,985)	(650,321)	-	-	(930,466)	(1,050,386)
Profit for the year	74,704	153,781	232,087	317,598	-	-	306,791	471,379
<b>Group's share of associates profit</b>	<b>(3,215)</b>	<b>90,253</b>	<b>76,298</b>	<b>104,412</b>	<b>-</b>	<b>-</b>	<b>73,083</b>	<b>194,665</b>

\* This Company is under liquidation.

**(13) Equity attributable to equity holders**

**Paid in capital –**

The authorized and paid in capital as of 31 December 2017 is JD 11,250,000 divided into 11,250,000 shares at a par value of JD 1 per share. The capital was decreased in 2017 by 25% as per the Board of Directors decision in their extraordinary meeting on 29 April 2017 as disclosed in note 10

**Statutory reserve –**

As required by the Jordanian Companies Law, 10% of the profit before tax is to be transferred to statutory reserve. This reserve is not available for distribution to shareholders.

**(14) Account payable and other current liabilities**

	2017 JD	2016 JD
Trade payables		
Social security deposits	6,806	10,072
Other	2,340	2,605
	718	2,026
	9,864	14,703

**(15) (Losses) Gains on financial assets at fair value through profit or loss**

	2017 JD	2016 JD
Change in fair value		
Stock dividends	(465,479)	129,313
	29,904	29,404
	(435,575)	158,717



**(10) Financial assets at fair value thorough profit or loss**

Quoted shares	2017	2016
	JD	JD
Local		
Foreign	1,080,925	1,490,356
	73,980	27,429
	<u>1,154,905</u>	<u>1,517,785</u>

**(11) Other current assets**

	2017	2016
	JD	JD
Refundable deposits		
Prepaid expenses	1,260	1,260
Employee receivables	3,775	3,992
Income tax deposits	9,528	8,821
Accrued revenues	20,470	15,323
Other	-	22,396
	<u>2,874</u>	<u>2,142</u>
	<u>37,907</u>	<u>53,934</u>

**(12) Cash and bank balances**

	2017	2016
	JD	JD
Short term deposits*		
Current accounts	2,211,433	1,562,263
Cash on hand	188,197	170,676
	424	426
	<u>2,400,054</u>	<u>1,733,365</u>

\* This item represents short-term deposits in Jordanian Dinars with maturities from one month to three months and bearing an annual interest rate between 4% and 5% (2016: between 2.5% and 4%).

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**(16) Administrative expense**

	2017 JD	2016 JD
Salaries and wages	127,621	129,403
Group's contribution in social security	16,780	18,851
Rent	24,428	24,428
Professional fees	26,088	25,038
Vehicles expenses	4,650	4,579
Water and electricity	7,105	7,627
General assembly meeting expenses	5,024	3,898
Governmental expenses	2,767	2,105
Mail, telephone and internet	2,182	1,608
Maintenance expenses	161	1,376
Listing fees	5,000	5,000
Subscriptions	9,692	10,534
Insurance	11,690	11,476
Registration and license fees	972	972
Cleaning and hospitality fees	1,218	726
Sales commissions	2,056	13,050
Other	17,771	26,533
	<u>265,205</u>	<u>287,204</u>

**(17) Earnings Per share**

	2017 JD	2016 JD
(loss) profit for the year (JD)	(519,180)	111,967
Weighted average number of shares during the year (share)	<u>11,250,000</u>	<u>11,250,000</u>
	<u>JD / Fils</u>	<u>JD / Fils</u>
Basic and diluted earnings per share of (loss) profit for the year	<u>(0/046)</u>	<u>0/0099</u>



**(18) Restricted cash**

	<u>2017</u>	<u>2016</u>
	JD	JD
Restricted balances*		
Cash deposits**	88,567	71,693
	<u>121,901</u>	<u>315,188</u>
	<u>210,468</u>	<u>386,881</u>

\* This item represents margins held against letters of guarantee including an amount of JD 50,000 as cash deposit for Jordan Cyprus for Logistic Services Company (associate). (2016: JD 50,000)

\*\* This item represents amounts restricted as cash deposits against bank overdraft facilities for Jordan Cyprus for Logistic Services Company (associate).

**(19) Income tax**

No income tax provision calculated for the years ended 31 December 2017 and 2016, in accordance with the Income Tax Law No. (34) for the year 2014 due to the excess of deductible expenses over taxable income.

**Darat Jordan Holdings Company:**

The Company submitted its annual income tax returns for the years 2015 and 2016 and the Income and Sale Tax Department has not reviewed these tax returns up to the date of these consolidated financial statements. The Company reached a final settlement with the Income and Sales Tax Department up to the year 2014.

**Jordan European Real Estate Management Company:**

The Company submitted its annual income tax returns for the years 2014 and 2016 and, the Income and Sales Tax Department has not reviewed these returns up to the date of these consolidated financial statements. The return for 2015 was accepted through the sampling system. The Company reached a final settlement with the Income and Sales Tax Department up to the year 2013.



**(19) Income tax (Continued)**

**Executives for real estate development:**

The Company submitted its annual income tax returns for the years 2016 and 2014 and the Income and Sales Tax Department has not reviewed these returns up to the date of these consolidated financial statements. The Company reached a final settlement with the Income and Sales Tax Department up to the year 2013. The income tax returns for the year 2015 was accepted through the sampling system.

**Al Marsa Alamen for Real Estate Development:**

The Company submitted its annual income tax returns for the years 2016 and 2014 the Income and Sales Tax Department has not reviewed these returns up to the date of these consolidated financial statements. The Company reached a final settlement with the Income and Sales Tax Department up to the year 2013. The income tax returns for the year 2015 was accepted through the sampling system.

**Al Mashkah Company:**

The Company submitted its annual income tax returns for the years 2012, 2013, 2014, and 2016 and the Income and Sales Tax Department has not reviewed these returns up to the date of the consolidated financial statements. The Company reached a final settlement with the Income and Sales Tax Department up to the year 2011. The income tax returns for the year 2015 was accepted through the sampling system.

**Al Hadas for Development and Investments Company:**

The Company submitted its annual income tax returns for the years 2016 and 2014 and the income and was accepted within the tax sampling system, the Income and Sales Tax Department has not reviewed these returns the year 2014 up to the date of these consolidated financial statements. The income tax returns for the year 2015 was accepted through the sampling system. The Company reached a final settlement with the Income and Sales Tax Department up to the year 2013.

**Darat Al Reef Jordan Real Estate Company:**

The Company submitted its annual income tax returns for the years 2014, 2015 and 2016 and the Income and Sales Tax Department has not reviewed these returns up to the date of these consolidated financial statements. The Company reached a final settlement with the Income and Sales Tax Department up to the year 2013.



**(20) Related party transactions**

Related parties represent associated Companies, major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group management.

Transactions with related parties are as follows:

**Consolidated statement of comprehensive income:**

**Compensation of key management personnel:**

Salaries and other benefits

2017 JD	2016 JD
107,890	112,387

**Consolidated statement of financial position:**

**Due from related parties**

Al Salam Security Company (subsidiary of an associate)  
 Al Rokn Al Italy Investments Company (associate)  
 Jordan Cyprus for Logistic Services Company (associate)

2017 JD	2016 JD
4,475	3,217
2,976	2,976
27,438	58,524
34,889	64,717

The Group holds cash deposits amounting to JD 121,901 against bank overdraft facilities for Jordan Cyprus for Logistic Services Company (associate) obtained from Audi Bank (2016: JD 315,188) (Note 18).

**(21) Fair value of financial instruments**

Financial instruments include financial assets and financial liabilities.

Financial assets consist of cash on hand and at banks, trade receivables, due from related parties, financial assets at fair value through profits or loss, cheques under collection and some other current assets. Financial liabilities consist of accounts payable and some other current liabilities.

Book values of financial instruments do not materially vary from their fair value.

The Group uses the following methods and alternatives of valuating and presenting the fair value of financial instruments:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

2017 -	Level 1	Level 2	Total
	JD	JD	JD
<b>Financial assets</b>			
Financial assets of fair value through profit or loss	1,154,905	-	1,154,905
<b>2016 -</b>			
<b>Financial assets</b>			
Financial assets of fair value through profit or loss	1,517,785	-	1,517,785



**(22) Segment information**

**Business segments information**

For management purposes the Group's activities are distributed into two main sectors:

Land development – represented by purchases of lands for the purpose of development and sale.

Financial investments - represented by investments in stocks and investments in associates.

These sectors are the basis upon which the Group builds its main segment information reports.

	Lands Development	Financial investments	Other	Total
	JD	JD	JD	JD
<b>2017 -</b>				
Segment revenues	451,600	(435,575)	111,172	127,197
Cost of sales	(449,939)	-	-	(449,939)
Group's share of profit of associates	-	76,298	(3,215)	73,083
Depreciation	(2,553)	(1,763)	-	(4,316)
Other expenses	(198,400)	(66,295)	(510)	(265,205)
<b>(Loss) profit for the year</b>	<b>(199,292)</b>	<b>(427,335)</b>	<b>107,447</b>	<b>(519,180)</b>
<b>Assets and liabilities</b>				
Segment assets	4,965,034	1,155,891	2,747,958	8,868,883
Investments in associates	-	1,694,065	158,257	1,852,322
Segment liabilities	(3,756)	-	(6,108)	(9,864)
<b>Net assets</b>	<b>4,961,278</b>	<b>2,849,956</b>	<b>2,900,107</b>	<b>10,711,341</b>
<b>2016 -</b>				
Segment revenues	1,200,451	158,717	74,808	1,433,976
Group's share of profit of associates	-	104,412	90,253	194,665
Cost of sales	(1,224,933)	-	-	(1,224,933)
Depreciation	(2,794)	(798)	-	(3,592)
Other expenses	(201,360)	(73,734)	(12,110)	(287,204)
<b>(Loss) profit for the year</b>	<b>(228,636)</b>	<b>188,597</b>	<b>152,951</b>	<b>112,912</b>
<b>Assets and liabilities</b>				
Segment assets	5,377,098	1,518,784	2,526,993	9,422,875
Investments in associate	-	1,707,767	114,582	1,822,349
Segment liabilities	(7,668)	-	(7,035)	(14,703)
<b>Net asset</b>	<b>5,369,430</b>	<b>3,226,551</b>	<b>2,634,540</b>	<b>11,230,521</b>

**(23) Risk management**

**Interest rate risk**

Interest rate risk is the risk that results from the changes in market value or future cash flows of financial instruments as a result of changes in interest rate.

The Group is exposed to interest rate risk on its interest bearing assets and liabilities such as bank deposits.

The sensitivity of the consolidated statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's loss for the year, based on the floating interest rate on financial assets and financial liabilities held at 31 December:

The following table demonstrates the sensitivity of the consolidated statement of comprehensive income to reasonably possible changes in interest rates as of 31 December, with all other variables held constant.

**2017-**

	<i>Increase in interest rate (Basis Points)</i>	<i>Effect on profit for the year JD</i>
Currency		
JD	100	22,114

	<i>Decrease in interest rate (Basis Points)</i>	<i>Effect on profit for the year JD</i>
Currency		
JD	(100)	(22,114)

**2016-**

	<i>Increase in interest rate (Basis Points)</i>	<i>Effect on profit for the year JD</i>
Currency		
JD	100	15,623

	<i>Decrease in interest rate (Basis Points)</i>	<i>Effect on profit for the year JD</i>
Currency		
JD	(100)	(15,623)



**(23) Risk management (Continued)**

**Equity price risk**

The following table demonstrate the sensitivity of the Group's consolidated statement of income (for financial assets at fair value through profit or loss) and cumulative changes in fair value (for financial assets at fair value through other comprehensive income) to reasonably possible changes in equity prices, with all other variables held constant:

2017-	Change in Index %	Effect on profit for the year JD
Amman stock exchange	10	108,093
Foreign stock exchange	10	7,398
2016-	Change in Index %	Effect on profit for the year JD
Amman stock exchange	10	149,035
Foreign stock exchange	10	2,743

The effect of decrease in equity prices with the same percentages is expected to be equal and opposite to the effect of the increase shown above.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group believes that it is not significantly exposed to credit risk since the Group seeks to limit credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

**Liquidity risk**

Liquidity risk is represented by the possibility that the group may not be able to meet its liabilities when due.

The Group manages its liquidity risk by insuring the availability of bank facilities.

**(25) Capital management**

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the current or previous year except the decrease in share capital by JD 3,750,000 through write off of accumulated losses of the Company.

Capital comprises paid in capital, statutory reserve and accumulated losses amounting to JD 10,711,341 as at 31 December 2017 as compared to JD 11,230,521 as at 31 December 2016.

**(26) Standards issued but not yet effective**

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

**IFRS 9 Financial Instruments**

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The new version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required; but providing comparative information is not mandatory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions

The Group plans to adopt the new standard on the effective date and will not restate comparative information.

**(a) Classification and measurement**

The Group does not expect a material impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.



**(26) Standards issued but not yet effective (continued)**

**(b) Impairment**

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group has estimated that the additional provision to be recorded resulting from the expected credit loss from its trade receivables will not be material compared to the current requirements of provisioning for doubtful trade receivables.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

During 2017, the Group has performed an impact assessment of IFRS 15. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group adopts IFRS 15, whereas,

The Group does not expect a material impact on its balance sheet or equity on applying the requirements of IFRS 15.

**Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture**

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

**(23) Risk management (Continued)**

**Liquidity risk (continued)**

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December based on contractual payment dates and current market interest rates:

	Less than 3 months	3 to 12 months	Total
	JD	JD	JD
<b>31 December 2017</b>			
Account payable	2,722	4,084	6,806
	Less than 3 months	3 to 12 months	Total
	JD	JD	JD
<b>31 December 2016</b>			
Account payable	4,631	5,441	10,072

**Currency risk**

Most of the Group's transactions are in Jordanian Dinars and U.S. Dollars. The Jordanian Dinar is fixed against the U.S Dollar (USD 1.41 for each Jordanian Dinar). Accordingly, the currency risk exposure is not material on the consolidation financial statements.

**(24) Contingent liabilities**

	2017	2016
	JD	JD
Letters of guarantees*	318,300	176,927

\* This amount includes a letter of guarantee amounting to JD 60,000 for Jordan Cyprus for Logistic Services Company (associate) Cash margins against letters of guarantees amounted to JD 88,567 as at 31 December 2017 (2016: 71,693) (note 18).



**(26) Standards issued but not yet effective (continued)**

**IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2**

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

**IFRS 16 Leases**

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

**IFRS 17 Insurance Contracts**

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 - Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted.



**(26) Standards issued but not yet effective (continued)**

**Transfers of Investment Property (Amendments to IAS 40)**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

**Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts**

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

**IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration**

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed



**(26) Standards issued but not yet effective (continued)**

**IFRIC Interpretation 23 Uncertainty over Income Tax Treatment**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.