



الانتقائية

للاستثمار
والتطوير العقاري

الانتقائية للاستثمار والتطوير العقاري م.ع.م

Entkaeyah For Real Estate Investment Co.

To: Jordan Securities Commission Amman Stock Exchange Date: 15/5/2017 Subject: Audited financial Statement for the fiscal year ended 31/12/2016	السادة هيئة الأوراق المالية السادة بورصة عمان التاريخ: 2017/5/15 الموضوع: البيانات المالية المدققة للسنة المنتهية في 2016/12/31
Attached the Audited financial Statement for (Entkaeyah For Real Estate Investment Co.) in English for the fiscal year ended 31/12/2016	مرفق طيه نسخة من البيانات المالية المدققة السنوية لشركة (الانتقائية للاستثمار والتطوير العقاري) باللغة الإنجليزية عن السنة المنتهية في 2016/12/31
Kindly accept our highly appreciation and respect , Entkaeyah For Real Estate Investment Co. PLC Chairman of the Board Khaled Al Maqableh	وتفضلوا بقبول فائق الاحترام الشركة الانتقائية للاستثمار والتطوير العقاري م.ع.م توقيع رئيس مجلس الادارة خالد المقابلة

الشركة الانتقائية
للاستثمار والتطوير العقاري
هاتف ٥٧٧٧٤١٦
عمان - الأردن

بورصة عمان
الدائرة الإدارية والمالية
الديوان
١٥ أيار ٢٠١٧
الرقم المتسلسل: 3072
رقم الملف: 31287
الجهة المختصة: 211166

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

**CONSOLIDATED FINANCIAL
STATEMENTS AND INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT'S
REPORT
YEAR ENDED DECEMBER 31, 2016**

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

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANT'S REPORT**
YEAR ENDED DECEMBER 31, 2016

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the shareholders of
Entkaeya for Investment and Real Estate Development Company. (P.L.C)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Entkaeya for Investment and Real Estate Development Company (P.L.C), which comprise of the consolidated statement of financial position as of December 31, 2016, and the related consolidated statements of comprehensive income, consolidated Statement of owners' equity and consolidated statement of cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory information.

Basis for Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position of Entkaeya for Investment and Real Estate Development Company (P.L.C) as of December 31, 2016, and its consolidated financial performance and consolidated cash flows for the year then ended are in accordance with International Financial Reporting Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

Key audit matters

Key audit matters, according to our professional judgment are matters that had the significant importance in our auditing procedures that we performed to the consolidated financial statement. The basic auditing matters have been addressed in our auditing workflow to consolidated financial standards as we do not express separate opinions.

Projects under construction

In accordance with International financial reporting standards, the company must perform an impairment test to the value of projects under construction in the consolidated statement of financial position, unless the company chooses to record those projects under construction at cost, in case of any indications of impairment, Impairment losses are recognized in accordance with a policy of impairment of assets, Where the management estimates the impairment through accredited experts for evaluation, if any, and because of their importance it is considered a significant audit risk.

The following is a description of our auditing procedures:**- Projects under construction**

The Auditing procedures included examining the control procedures used in ascertain of existing of impairment in lands on which these projects are under construction, Where the land was evaluated by licensed real estate experts , The management assumptions were studied taking into consideration the available external information on the risks of the impairment of projects under construction and the lands on which these projects are built, We have also condensed on the adequacy of the company's disclosures about it.

Other information:

The management is responsible for other information.

Which includes other information reported in the final report, but not included in the consolidated financial statements and our audit report on it.

Our opinion does not include these other information, and we do not express any assertion over it regarding our consolidate financial statement we are obliged to review these other information, and while that, we consider the compatibility of these information with their consolidates financial statement. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

Management responsibility of the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. And for such internal control, management is determined to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Certified public accountant responsibility

Our objective is to obtain reasonable assurance about whether the Financial Statements are free from material misstatement, 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and or considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these Financial Statements.

As part of an audit in accordance with The International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the initial 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the initial Financial Statements, including the disclosures, and whether the initial Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.
- We communicated with audit the Financial Management 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.

Legal requirements report

The Company maintains proper books of accounts and the accompanying consolidated financial statements and the consolidated financial statements contained in the report of the board of directors in accordance with the proper books of accounts.

Ghosheh & Co.

Sinan Ghosheh
License No.(580)



Amman- Jordan
March 26, 2017

ENTKAEYA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
ASSETS			
Non-current assets			
Project under construction	4	2,037,472	2,037,440
Investments in lands	5	420,000	420,000
Property and equipment	6	137,191	146,127
Financial assets designated at fair value through statement of other comprehensive income	11	2,537	258,771
Total non-current assets		2,597,200	2,862,338
Current assets			
Prepaid expenses and other receivables		7,745	15,711
Inventory	8	-	31,013
Financial assets designated at fair value through statement of comprehensive income	10	7,453	46,716
Accounts receivables	7	-	14,483
Cash and cash equivalents	12	143	5,241
Total current assets		15,341	113,164
TOTAL ASSETS		2,612,541	2,975,502
LIABILITIES AND OWNERS' EQUITY			
Owners' equity			
Share capital	1	4,926,430	4,926,430
Statutory reserve	14	336	336
Shares owned by subsidiaries	14	(1,053)	(1,053)
Fair value reserve		(1,205)	(39,890)
Accumulated losses		(2,581,259)	(2,117,861)
Total Owners' equity		2,343,249	2,767,962
Current liabilities			
Accrued expenses and other payables	16	206,624	12,280
Accounts payable	15	31,925	30,578
Finance margin	13	-	164,682
Due to related parties		30,743	-
Total current liabilities		269,292	207,540
TOTAL LIABILITIES AND OWNERS' EQUITY		2,612,541	2,975,502

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

ENTKAEYA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

		2016	2015
Revenue			
Sales		73,504	21,286
Cost of sales		(100,920)	(28,541)
Gross profit		(27,416)	(7,255)
Realized losses from Financial assets designated at fair value through statement of comprehensive income		-	(6,144)
Unrealized losses from Financial assets designated at fair value through statement of comprehensive income	18	(39,263)	(7,528)
Other revenues and expenses		1,350	157
Gross loss		(65,329)	(20,770)
Expenses:			
General and administrative expenses	19	(151,058)	(182,436)
Provision for doubtful accounts	7	(7,741)	-
Provision for damaged goods		(16,274)	-
Contingent liabilities provision		(157,669)	-
Financial charges		(63)	(675)
Finance margin interests		(7,596)	(27,354)
Total expenses		(340,401)	(210,465)
Loss for the year		(405,730)	(231,235)
 loss per share:			
Loss per share- JD/ per share		(0,08)	(0,05)
Weighted average of outstanding shares-share		4,926,430	4,926,430

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

ENTKAEYA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

		<u>2016</u>	<u>2015</u>
Loss for the year		(405,730)	(231,235)
Add: other comprehensive items			
Realized gain /(losses) from sell of shares owned by subsidiaries		674	(45,296)
Realized losses from Financial assets designated at fair value through statement of other comprehensive income		(58,342)	(158,619)
Total other comprehensive income transferred to Accumulated losses	18	(463,398)	(435,150)
Change in fair value reserve		38,685	68,112
Total comprehensive income		(424,713)	(367,038)

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

ENTKAEYA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF OWNERS' EQUITY
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Share capital	Statutory reserve	Shares owned by subsidiaries	Fair value reserve	Accumulated losses	Total
Balance at January 1, 2015	4,926,430	336	(151,510)	(108,002)	(1,682,711)	2,984,543
Comprehensive income	-	-	-	68,112	(435,150)	(367,038)
Shares owned by subsidiaries	-	-	150,457	-	-	150,457
Balance at December 31, 2015	4,926,430	336	(1,053)	(39,890)	(2,117,861)	2,767,962
Comprehensive income	-	-	-	38,685	(463,398)	(424,713)
Balance at December 31, 2016	4,926,430	336	(1,053)	(1,205)	(2,581,259)	2,343,249

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	2016	2015
OPERATING ACTIVITIES		
Loss for the year	(405,730)	(231,235)
Adjustments for Loss for the year :		
Depreciation	18,781	3,483
Financial charges	63	675
Provision for doubtful accounts	7,741	-
Provision for damaged goods	16,274	-
Provision for contingent liabilities	157,669	-
Unrealized losses from Financial assets designated at fair value through statement of comprehensive income	39,263	7,528
Realized losses from Financial assets designated at fair value through statement of comprehensive income	-	6,144
Realized losses from Financial assets designated at fair value through statement of other comprehensive income	58,342	158,619
Realized gain /(losses) from sell of shares owned by subsidiaries	674	(45,296)
Changes in operating assets and liabilities:		
Accounts receivable	6,742	111,679
Inventory	14,739	(9,094)
Prepaid expenses and other receivables	7,966	(4,170)
Financial assets designated at fair value through statement of comprehensive income	-	115,134
Due to related parties	30,743	-
Account payables	1,347	29,041
Accrued expenses and other payables	36,675	946
Cash (used in) / available from operating activities	(8,711)	143,454
Financial expenses paid	(63)	(675)
Net cash (used in) / available from operating activities	(8,774)	142,779
INVESTING ACTIVITIES		
Purchase of property and equipment	(9,845)	(101,523)
Project under construction	(32)	(84,406)
Financial assets designated at fair value through statement of other comprehensive income	178,235	(9,314)
Net cash available from / (used in) investing activities	168,358	(195,243)
FINANCING ACTIVITIES		
Finance margin	(164,682)	(89,310)
Bank overdraft	-	(4,685)
Purchase of shares owned by subsidiary	-	150,457
Net cash (used in) / available from financing activities	(164,682)	56,462
Net change in cash and cash equivalents	(5,098)	3,998
Cash and cash equivalents, January 1	5,241	1,243
CASH AND CASH EQUIVALENTS, DECEMBER 31	143	5,241

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

ENTKAEYA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

1. ORGANIZATION AND ACTIVITIES

Entkaeya for Investment and Real Estate Development Company ("the Company") is a Jordanian Public Shareholding Company registered on August 9, 2007 under commercial registration number (443). The company's authorized, declared and paid-up capital is JD 4,926,430 divided into 4,926,430 shares with par value of JD 1 per share. The paid up capital includes a total of 1,747,823 JD/share where they were covered by contributions in kind by the founders and it's a land No. (109) basin (128) Iraqi Ayn Saada from the lands of Salt (note 4).

The Board of Directors of the Company approved the issuance of JD 3,576,940 / share of the unsubscribed shares to the initial public offering. In which an amount of JD 1,503,375 were covered. The authorized, declared and paid up share capital of the Company is JD 4,926,430.

The main activity of the Company is buying and selling and investing in real estate and land inside the organization or outside them in at different kinds of used by the legal and rouls.

The consolidated financial statements as at 31 December 2016 comprise the financial statements of the following subsidiaries:

<u>Subsidiary</u>	<u>Place of registration</u>	<u>Year of registration</u>	<u>Percentage of ownership and voting</u>	<u>The main activity</u>
Al-Hakameya for Trading and Investment (Ltd)	Jordan	2010	100%	ownership of trademarks, conversion and assignment, ownership of land and real estate and sale except real estate office, development and improvement of real estate and real estate and commercial consultations
Al Rostamiya for Trading and Investment (Ltd)	Jordan	2010	100%	Import and export, general trade, and borrowing the necessary funds
Kalat Al-Aman wal khair for Commercial Investment (Ltd)	Jordan	2010	100%	ownership of trademarks, conversion and assignment, ownership of land and real estate and sale except real estate office, development and improvement of real estate and real estate and commercial consultations
Western for Trading and Marketing (Ltd)	Jordan	2011	100%	Enter into tenders, tenders, import, export and marketing
Al Ghazalia for General Trading and Marketing (Ltd)	Jordan	2011	100%	Enter into tenders, tenders, import, export and marketing

ENTKAEYA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

The Company's share in the results of its subsidiaries as of December 31, 2016 (JD 97,078) (loss): (93,475) JD loss) according to the net equity method is as follows:

	2016	2015
Company's share in losses of Al-Hakameya for Trading and Investment (Ltd)	(1,444)	(4,554)
Company's share in losses of Al Rostamiya for Trading and Investment (Ltd)	(2,926)	(54,982)
Company's share in losses of Kalat Al-Aman wal khair for Commercial Investment (Ltd)	(1,400)	(30)
Company's share in losses of Western for Trading and Marketing (Ltd)	(90,308)	(33,860)
Company's share in losses of Al Ghazalia for General Trading and Marketing (Ltd)	(1,000)	(49)
	(97,078)	(93,475)

The book value of the investment in subsidiaries as of December 31, 2016 (JD 162,536) (2015: JD 65,458) was as per the net equity method, as follows:

	2016	2015
The book value of the investment in Al-Hakameya for Trading and Investment (Ltd)	(9,373)	(7,929)
The book value of the investment in Al Rostamiya for Trading and Investment (Ltd)	(35,792)	(32,866)
The book value of the investment in Kalat Al-Aman wal khair for Commercial Investment (Ltd)	(1,420)	(20)
The book value of the investment in Western for Trading and Marketing (Ltd)	(116,574)	(26,266)
The book value of the investment in Al Ghazalia for General Trading and Marketing (Ltd)	623	1,623
	(162,536)	(65,458)

Summary of assets, liabilities and net income of subsidiaries the significant items of assets and liabilities as of 31 December are as follows:

A- Al-Hakameya for Trading and Investment

	2016	2015
Total assets	60	90,012
Total owners' equity	(1,140)	90,012
Total liabilities	1,200	-
Loss for the year	(1,444)	(4,554)
Accumulated losses	(11,372)	(9,928)
Statutory reserve	1,000	1,000
Partner current account	8,270	97,982

ENTKAEYA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

b- Al Rostamiya for Trading and Investment

	2016	2015
Total assets	143	158,309
Total liabilities	3,048	68,696
Total owners' equity	(2,905)	89,613
Accumulated losses	(45,720)	(42,794)
Loss for the year	(2,926)	(54,982)
Financial assets designated at fair value through statement of other comprehensive income	-	14,766
Due to related parties	-	59,411
Due from related parties	-	136,022
Partner current account	32,887	121,712
Share capital	5,000	5,000

c- Kalat Al-Aman wal khair for Commercial Investment

	2016	2015
Total assets	280,527	280,527
Total owners' equity	279,327	280,527
Total liabilities	1,200	-
Loss for the year	(1,400)	(30)
Investments in lands	280,527	280,527
Partner current account	280,747	280,547

d- Western for Trading and Marketing

	2016	2015
Total assets	215,827	271,751
Total owners' equity	161,782	81,417
Total liabilities	54,045	190,334
Partner current account	278,558	108,636
Loss for the year	(121,547)	(33,860)
Share capital	2,500	2,500

e- Al Ghazalia for General Trading and Marketing

	2016	2015
Total assets	-	2,334
Total owners' equity	(1,000)	2,334
Total liabilities	1,000	-
Partner current account	(1,623)	711
Loss for the year	(1,000)	(49)
Share capital	2,500	2,500

ENTKAEYA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

2. The following new standards and amendments to the standards have been issued but are 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 – Revenue from Contract with Customers	January 1, 2018
(IFRS) No.16 – Leases	January 1, 2019

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards.

Basis of preparation

These consolidated financial statements, were presented in Jordanian Dinar as the majority of the Company's transactions are recorded in the Jordanian Dinar.

The consolidated financial statements have been prepared on historical cost basic, However financial assets and financial liabilities are stated at fair value. The following is a summary of significant accounting policies applied by the Company.

Basis of consolidation financial statements

The consolidated financial statements incorporate the financial statements of Entkaeya For 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.

ENTKAEYA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS(Continued)
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

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.

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.

ENTKAEYA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Financial assets designated 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.

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.

Revenue recognition

Revenue is recognized from the sale of shares and interest payable to bank deposits

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.

Accounts receivable

Accounts 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.

Projects under construction

Projects under construction are stated at cost

ENTKAEYA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS(Continued)
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Investments in lands

Investments in land are stated at cost in accordance with (IAS 40) where the standard make the company to choose to record its real estate investments either at cost or at fair value as long as there is no impediment to the ability to reliably determine the value of real estate investments. The management of the Company has chosen the cost to record its investments in the land.

Shares owned by subsidiaries

Shares purchased in the Company's share capital by the subsidiaries are stated at cost less equity.

Accounts payable

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

Provisions

The provision had been formed, when the Company has a present obligation (legal or expected) from past events which its cost of repayment is considered 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.

The Decline in value of the financial assets

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

As for the financial assets such as trade accounts receivable and assets was evaluated as individual low-value, where 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 have 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 the provisions.

The changes in the listed value for the provisions account are recognized in comprehensive income.

As for the ownership equity tools which are available for sale, decline losses are not closed in the recognized value in the profit and loss statement. However, any increase in the fair value becomes after decline loss has recognized directly in shareholder's equity statement.

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De-recognition

The Company cancels the recognition of financial assets only when the contractual rights about receipt of cash flows from the financial assets had ended. Substantially all the risks and benefits of the ownership to another firm. In the case of the company doesn't transfer on retain substantially risks or benefits of the ownership and continue in control of the transferred assets, the company in this case recognize it's share retained in the transferred assets and the related liabilities in the limits of the amounts excepted to be paid . In the other case, when the company retained substantially all risks and benefits of owner ship of the transferred assets, the company will continue to recognize of the financial assets.

Segment reporting

A business segment is a group of assets and operation engaged in providing products or services that are subject to risks and returns that are different from those of other business segments, and segment is engaged in providing products or services within a particular economic environment

and Company include significant business sectors in the purchase, develop and trade of lands and real estate in addition to investing in securities and bonds, the company operates only in the Hashemite Kingdom of Jordan

Offsetting

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

The use of estimation

The preparation of consolidated 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

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

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:

	<u>Annual depreciation rate</u>
Furniture	9%
Decoration	12%
Computers and software	25%
Office and electric devices	15%
Signs and decoration tree	15%
Machinery and equipment	15%
Mobile	30%

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.

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Impairment test is performed to the value of the property and equipment that appears in the consolidated 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 consolidated Statement of Financial Position. Gross Profit and loss.

The decline in value of the non-current assets

The decline in value of the non-current assets In the date of each balance sheet the company review the listed values for its assets to specify if there is an indication to be decline losses of the value. If there indication to that, the recovery value of the asset will be appreciated to determine the loss of decline in the value if it be. 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. when there is ability to determine basic of distribution that is fixed and reasonable , the joint assets distribute to specific units producing of cash or it distribute to smallest group from units producing cash that it able to determine basic 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 (cash generating unit) distribute lower than the listed value, reduce the listed value for asset (cash generating unit) to the recovery value. Losses of the decline recognize directly in the income statement except the asset that is reevaluation then record losses of the decline as reduction from re-evaluation provision

Income Tax

The Company is subject to Income Tax Law, 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 No. (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 periodic consolidated financial statements since it's immaterial.

Leasing

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

Rental payable under operating leases are changed to income on a straight-line basis over the term of the operating lease.

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4. PROJECT UNDER CONSTRUCTION

	2016	2015
Arageeb Eun sa'ada land project		
Project- land basin no (109), 13 Asian (128)- Arageeb Eun sa'ada from salt land	1,747,823	1,747,823
Legal title transfer fees	181,015	181,015
Land cost for the project*	1,928,838	1,928,838
Preparing and cleaning	8,970	8,970
Land evaluation expenses	3,000	3,000
Design fees	15,000	15,000
	1,955,808	1,955,808
A cafe processing project at Taj Mall **		
Workers' wages and building materials	-	24,568
Contractor fees	-	1,983
Fees of engineering supervision, design and decoration	-	1,650
	-	28,201
Transferred to property and equipment	-	(28,201)
	-	-
Boulevard project processing		
Workers' wages and building materials	44,705	44,705
Tools and equipment	14,159	14,127
Contractor fees	22,800	22,800
	81,664	81,632
Total	2,037,472	2,037,440

*The fair value of the above project land at the discretion of two licensed real estate appraisers amounted to JD 1,986,197 and JD 1,747,826

** It is a coffee shop offering coffee, cold and hot drinks and cold and hot food under the Alfredo Café.

5. INVESTMENTS IN LANDS

During 2010, the Company purchased all the shares of the shareholders in the capital of Kalat Al-Aman wal khair for Commercial Investment (a subsidiary) for a total amount of JD 420,000 on the basis of the net equity of JD 280,527 at the date of purchase. The difference between the cost of acquisition and net equity The Company has a purchase date of JD 139,473 as difference in the fair value in land No. 37 of the northern Khaman basin No. 20 of the lands of Laban, which is 14.281 m² and owned by the subsidiary

* The fair value of the land above according to the estimates of two licensed real estate appraisers amounted to 428,450 JD and 428,430 JD.

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6. PROPERTY AND EQUIPMENT

	January 1	Additions	Disposals	December 31
Cost:				
Furniture	43,056	940	-	43,996
Decoration	43,564	930	-	44,494
Computers and software	4,927	1,250	-	6,177
Office and electric devices	52,614	457	-	53,071
Signs and decoration tree	5,537	6,268	-	11,805
Machinery and equipment	15,000	-	-	15,000
Mobile	648	-	-	648
Total cost	165,346	9,845	-	175,191
Depreciation:				
Furniture	9,336	5,545	-	14,881
Decoration	5,658	6,511	-	12,169
Computers and software	2,775	386	-	3,161
Office and electric devices	802	6,030	-	6,832
Signs and decoration tree	-	309	-	309
Mobile devices	648	-	-	648
Total depreciation	19,219	18,781	-	38,000
Net book value January 1	146,127			
Net book value December 31				137,191

7-ACCOUNTS RECEIVABLE

	2016	2015
Accounts receivable	7,741	11,431
Provision for doubtful accounts	(7,741)	-
	-	11,431
Due from related parties (Note-9)	-	3,052
	-	14,483

8-INVENTORY

	2016	2015
Finished goods	2,731	17,470
Bonded warehouse inventory	13,543	13,543
Provision for damaged goods	(16,274)	-
	-	31,013

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9-RELATED PARTIES TRANSACTIONS

During the year, the Company has entered into transactions with the following related parties:-

	Relationship
Alim Investment Company (L.t.d)	Owned by Chairman of Board of Directors

Due from related parties consists of the following:

	2016	2015
Alim Investment Company (L.t.d)	-	3,052

The Company has recorded salaries, wages and other privileges in favor of the Chairman of the Board of Directors / General manager :-

	2016	2015
Salaries paid to the Chairman of the board of directors / General manager	60,000	60,000

Transactions with board of directors members:-

Allowance for company leases from Alim Investment Company (L.t.d) , fully owned by Chairman of Board of Directors MR. Saadallah Abdelrazek Saadallah with an amount of JD15000

10-FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH STATEMENT OF COMPREHENSIVE INCOME

	2016	2015
Investment in Agada Financial Investments Company (P.L.C), with 4,318 shares (2015: 4,318 shares)	1,253	3,714
Investment in Sura Development & Investment Company (P.L.C), with a total of 7,000 shares (2015: 7,000 shares)	2,940	2,170
Investment in Ahlia Enterprises Company (P.L.C) with 25,002 shares (2015: 25,002 shares)	2,000	26,752
Investments in Rum Aladdin Engineering Industries (P.L.C) with zero shares (2015: 50,000 shares)	-	13,000
Investments in Arab Union International Insurance Company (P.L.C) with 1,000 shares (2015: 1,000 shares)	1,260	1,080
	7,453	46,716

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11. Financial assets designated at fair value through statement of comprehensive income

	2016	2015
Investment in Al-Rakees Investment Company (P.L.C), with shares of 7,250 shares (2015: 575,048 shares)	2,537	258,771
	<u>2,537</u>	<u>258,771</u>

Al-Rakees Investment Company ("the Company") is a Jordanian Public Shareholding Company registered on September 27, 2006 under commercial registration number (418). The company's share capital is JD 12,500,000 share/JD .

The company owns a hotel in West Amman, which opened on June 1, 2011 and started working under the brand name (Quality Suites) under a contract signed with a foreign company for five years.

12. CASH AND CASH EQUIVALENTS

	2016	2015
Cash on hand	-	117
Cash at banks	143	5,124
	<u>143</u>	<u>5,241</u>

13. FINANCE MARGIN

During the year, the Company signed finance margin agreements with the following companies:

-Al Amal Financial Investments P.L.C for the purpose of financing the purchase of securities by granting the Company a ceiling on margin financing of JD 150,000 for a period beginning on 20 November 2011 and ending on 20 November 2012 and renewed automatically, and interest is collected at an annual rate of 16% And a commission of 0.055% of the value of the margin financing ceiling.

Al-Nakhba Financial Services P.L.C for the purpose of financing the purchase of securities by granting the company a ceiling of financing on the margin of JD 50,000 for the Selective Investment and Real Estate Development Company and the Rustamiya Trading and Investment Company LLC (a subsidiary) for one year Starting on April 18, 2012 and ending on April 18, 2013 and renewed automatically. Interest is collected at a rate of 13% per annum and a commission of 0.055% of the value of the margin financing ceiling.

- Al Marawed Financial Brokerage P.L.C for the purpose of financing the purchase of securities by granting the Company a margin ceiling of JD 50,000 for a period of one year beginning from December 12, 2012 and ending on December 11, 2013 and renewed automatically and interest at the rate of 12% Per annum and a commission of 0.055% of the total financing ceiling.

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14. OWNERS' EQUITY

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.

Shares owned by subsidiaries:

These shares are represented in the shares purchased in the company's capital by the subsidiaries, as follows:-

	2016	2015
Number of purchased shares	2,700	2,700
Cost of shares purchased	1,053	1,053
Market value of shares as on December 31	810	756

15. ACCOUNTS PAYABLE

	2016	2015
Accounts payable	31,925	30,578
	31,925	30,578

16. ACCRUED EXPENSES AND OTHER PAYABLES

	2016	2015
Accrued expenses	6,183	8,693
Contingent liabilities provision	157,669	-
Governmental fees provision	15,000	-
Accrued rent	26,360	-
Other payables	1,412	3,587
	206,624	12,280

17. INCOME TAX

The Company has not provided self-assessment of the Income and Sales Tax Department since its establishment until the preparation of the Company's consolidated financial statements.

18. OTHER COMPREHENSIVE INCOME TRANSFERRED TO ACCUMULATED LOSSES

The loss for the year includes unrealized losses on investments in financial assets designated at fair value through statement of comprehensive income as follows:

	2016	2015
Loss for the year	463,398	435,150
Less: Unrealized loss from financial assets designated at fair value through statement of comprehensive income	39,263	7,528
Realized losses	424,135	427,622

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19. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Salaries ,wages and related other benefits	62,115	92,716
Depreciation	2,933	3,483
Government fees and subscriptions	29,089	12,555
Telephone and post	3,975	5,514
Rent	15,000	15,000
Warehousing	-	1,061
Electricity ,water and fuel	2,076	3,254
Professional fees	19,563	17,966
Advertising and marketing	1,221	5,149
Hospitality	2,968	1,232
Service charges	-	5,889
Stationary and printing	1,823	2,247
Travel and per diem	130	6,232
Other expenses	10,165	10,138
	151,058	182,436

20. SECTORIAL INFORMATION

The total assets and liabilities of the Company's operating segments are as follows:

	Segment losses		Segment losses	
	2016	2015	2016	2015
Financial assets investment sector	(65,329)	(20,770)	(405,730)	(231,235)
Real estate investment sector	-	-	-	-
	(65,329)	(20,770)	(405,730)	(231,235)

The total assets and liabilities of the Company's operating segments are as follows:

	Segment assets		Segment liabilities	
	2016	2015	2016	2015
Financial assets investment sector	155,069	518,062	269,292	207,540
Real estate investment sector	2,457,472	2,457,440	-	-
Total	2,612,541	2,975,502	269,292	207,540

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21. FINANCIAL INSTRUMENTS

The Fair Value

The fair value of financial assets and financial liabilities include cash and cash equivalents and checks under collection and receivables, securities, and include accounts payable, credit facilities, loans, credits, and other financial liabilities.

Level I: the market prices stated in active markets for the same financial instruments.

Level II: assessment methods depend on the input affect the fair value and can be observed **directly** or indirectly in the market.

Level III: valuation techniques based on inputs affect the fair value cannot be observed directly or indirectly in the market.

<u>December 31, 2016</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Financial assets designated at fair value through statement of comprehensive income	7,453	-	-	7,453
Financial assets designated at fair value through statement of other comprehensive income	2,537	-	-	2,537
	9,990	-	-	9,990
<u>December 31, 2015</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Financial assets designated at fair value through statement of comprehensive income	46,716	-	-	46,716
Financial assets designated at fair value through statement of other comprehensive income	258,771	-	-	258,771
	305,487	-	-	305,487

The value set out in the third level reflect the cost of buying these assets rather than its fair value due to the lack of an active market for them, this is the opinion of Directors that the purchase cost is the most convenient way to measure the fair value of these assets and that there was no impairment.

Management of share capital risks

The Company manages its capital to make sure that the Company will continue when it takes the highest return by the best limit for debts and owners equity balances. The Company's strategy does not change from 2015.

Structuring of Company's capital includes debts that consists of loans as shown in notes No. (18, 19, 20) and the owner's equity in the Company which includes share capital, issuance premium, reserves, fair value reserve, and accumulated losses as it listed in the changes in consolidated owners equity statement.

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The debt ratio

The board of directors is reviewing the share capital structure periodically. As a part of this reviewing, the board of directors consider the cost of share capital and the risks that is related in each faction from capital and debt factions. The Company's capital structure includes debts from the borrowing. The Company does not determine the highest limit of the debt ratio and it does not expect increase in the debt ratio.

Risk management

Include the risks those they may be exposed to the following risks:

Currency risk

When consolidating financial statements of subsidiaries outside Jordan with the parent Company, the assets and liabilities are exchanged as of financial position date to Jordanian Dinar by exchange rates as at the year end, for revenues and expenses it exchanged based on average exchange rates for the period, exchange differences, if any, included in owners' equity.

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.

Credit risk management

The credit risks represent in one part of the financial instruments contracts has not obligated to pay the contractual obligations and cause of that the Company is exposing financial losses, However, there are no any contracts with any other parts so the Company doesn't expose to different types of the credit risks, The significant credit exposed for any parts or group of parts that have a similar specification have been disclosed in note No.10. The Company classified the parts which have similar specifications as a related parties. Except the amounts which are related in the cash money. The credits risks that are resulting from the cash money are specific because the parts that are dealing with it are local banks have good reputations and have been controlled from control parties.

The amounts had listed in the financial statements data represents the highest credit risk expose to the trade accounts receivable and to the cash and cash equivalent.

Management of liquidity risks

Board of directors is responsible for management of liquidity risks to manage the cash requirements, short, medium and long term liquidity. The Company managed the liquidity risks through controlling the future cash flow that evaluated permanently and correspond the due dates of assets and liabilities.

22. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorized for issuance on March 26, 2017. These consolidated financial statements require the General Assembly of shareholders approval.

23. COMPARATIVE FIGURES

Certain figures for 2015 have been reclassified to conform to the presentation in the current year.