



ميثاق
للإستثمارات العقارية م.ع.م

NO : 65/March/2017
Date : 25/3/2017

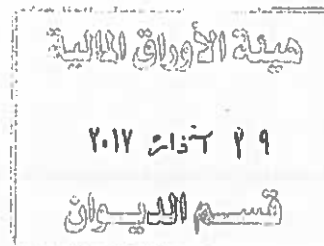
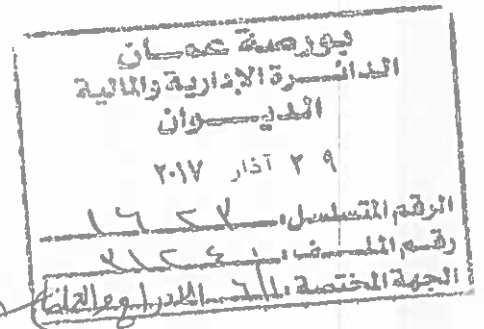
To: Jordan Securities Commission
Amman Stock Exchange

**Subject: Audited Financial Statements for the fiscal year
ended 31/12/2016**

Attached the Audited Financial Statements of Methaq Real Estate Investments
Company P.L.C for the fiscal year ended 31/12/2016

Kindly accept our highly appreciation and respect

Methaq Real Estate Investments Company P.L.C
Chief Executive Officer
Ayman AL-Dmour



هاتف : ٥٨٥٧٩٥٠ - ٩٦٢٦٥٨٥٣٥٥١
فاكس : ٩٦٢٦٥٨٥٠٦٧٦
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**Methaq Real Estate Investment Company
and It's Subsidiaries
Public shareholding Company
Amman - The Hashemite Kingdom of Jordan**

**Consolidated Financial Statement
and Independent Auditor's Report
for the year ended December 31, 2016**

**Methaq Real Estate Investment Company
and It's Subsidiaries
Public shareholding Company
Amman - The Hashemite Kingdom of Jordan**

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Investments property

According to requirements of International Financial Reporting Standards, the investment property is measured initially at cost including transactions cost. The carrying value of investment property in the consolidated financial statements are reviewed for impairment when events or changes in the circumstances indicate that the carrying value may not be recoverable. If any such indication of impairment exists, impairment losses are calculated in accordance with impairment of assets policy.

Other Information

Management is responsible for the other information. The other information comprises the [information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.]

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 (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 financial statements.

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

Scope of audit

Audit procedures that we have made among other things, getting evaluation from authorized properties experts to help us in determining the market value for these investment properties as of the date of the consolidated financial statement.

105180459

Independent Auditors Report

To Messrs. Shareholders
Methaq Real Estate Investment Company
Public shareholding Company
Amman - The Hashemite Kingdom of Jordan

Report the audit of consolidated financial statements

Opinion

We have audited the combined financial statements of Methaq Real Estate Investment Company (Public Limited Company), which comprise the statement of consolidated financial position as at December 31, 2016, and the statement of consolidated comprehensive income, statement of consolidated changes in equity and statement of consolidated cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company 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 financial statements, 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.

Emphatic paragraph

Without amendment in our opinion, we would like to draw your attention to Note (14)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Identify and assess the risks of material misstatement of the 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 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 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 auditors' 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company has proper accounting records which are, in all material respects, consistent with the accompanying financial statements, accordingly, we recommend to approve these financial statements by the general assembly.

Talal Abu-Ghazaleh & Co. International



Mohammad Alazraq
(License # 1000)

Amman - February 12, 2017



**Methaq Real Estate Investment Company
and It's Subsidiaries
Public shareholding Company
Amman - The Hashemite Kingdom of Jordan**

Consolidated statement of financial position as at December 31, 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		JD	JD
ASSETS			
Cash and cash equivalent	3	3,967,413	300,000
Investment in financial asset at fair value through profit or loss	4	1,200	13,200
Accounts receivable and other debit balances	5	29,704	236,656
Deferred tax assets	9	3,785	112,725
Land held for sale	6	4,209,354	4,299,428
Investment property	7	5,779,052	8,490,270
Property and equipment	8	5,675	8,311
TOTAL ASSETS		<u>13,996,183</u>	<u>13,460,590</u>
LIABILITIES AND EQUITY			
Liabilities			
Bank overdraft		-	5,750
Loan		-	201,699
Accounts payable and other credit balances	9	4,002,272	238,352
Total Liabilities		<u>4,002,272</u>	<u>445,801</u>
Equity			
Authorized and paid-in capital	10	9,500,000	13,265,041
Statutory reserve		165,500	93,575
Retained earnings (accumulated losses)		328,411	(343,827)
Total of Equity		<u>9,993,911</u>	<u>13,014,789</u>
TOTAL LIABILITIES AND EQUITY		<u>13,996,183</u>	<u>13,460,590</u>

**Methaq Real Estate Investment Company
and It's Subsidiaries
Public shareholding Company
Amman - The Hashemite Kingdom of Jordan**

Consolidated statement of comprehensive income for the year ended December 31, 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		JD	JD
Land sales		-	310,000
Cost of land sold		-	(192,683)
Gross profit		-	117,317
Gain on sales of investment property		1,116,771	127,014
Other revenues	11	55,771	1,200
Loss of change in fair value of a financial asset at value through profit and loss	4	(12,000)	-
Administrative expenses	12	(263,882)	(262,482)
Finance cost		(1,029)	(12,167)
Profit (Loss) before tax		895,631	(29,118)
Income tax expense	9	(151,468)	(79,343)
Profit (Loss)		<u>744,163</u>	<u>(108,461)</u>
Earnings per share from profit (loss)	20	<u>JD 0/057</u>	<u>JD (0/008)</u>

Methaq Real Estate Investment Company
and It's Subsidiaries
Public shareholding Company
Amman - The Hashemite Kingdom of Jordan

Consolidated statement of changes in equity for the year ended December 31, 2016

	Capital		Statutory reserve		Retained earnings (accumulated losses)		Total	
	JD		JD		JD		JD	
Balance as at January 1, 2015	13,265,041		89,738		(231,529)		13,123,250	
Loss	-		-		(108,461)		(108,461)	
Statutory reserve	-		3,837		(3,837)		-	
Balance as at December 31, 2015	13,265,041		93,575		(343,827)		13,014,789	
Capital decrease	(3,765,041)		-		-		(3,765,041)	
Profit	-		-		744,163		744,163	
Statutory reserve	-		71,925		(71,925)		-	
Balance as at December 31, 2016	9,500,000		165,500		328,411		9,993,911	

**Methaq Real Estate Investment Company
and It's Subsidiaries
Public shareholding Company
Amman – The Hashemite Kingdom of Jordan**

Consolidated statement of cash flow for the year ended December 31, 2016

	2016	2015
	JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (Loss) before tax	895,631	(29,118)
Adjustments for :		
Loss of change in fair value of a financial asset at fair value through profit and loss	12,000	-
Depreciation	5,360	5,597
Gains on sale of property and equipment	(229)	-
Finance cost	1,029	12,167
Change in operating assets and liabilities:		
Accounts receivable and other debit balances	206,952	(189,461)
Land held for sale	-	189,584
Accounts payable and other credit balances	(27,579)	(74,611)
	<u>1,093,164</u>	<u>(85,842)</u>
Income tax paid	(16,070)	-
Interest paid	(1,029)	(12,167)
Net cash from operating activities	<u>1,076,065</u>	<u>(98,009)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments property	2,801,292	190,546
Purchase of property and equipment	(2,739)	-
Proceeds from sale of property and equipment	244	-
Net cash from investing activities	<u>2,798,797</u>	<u>190,546</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Banks overdraft	(5,750)	5,750
Loan	(201,699)	201,699
Net cash from financing activities	<u>(207,449)</u>	<u>207,449</u>
Net change in cash and cash equivalents	3,667,413	299,986
Cash and cash equivalents - beginning of year	300,000	14
Cash and cash equivalents - end of year	<u><u>3,967,413</u></u>	<u><u>300,000</u></u>
INFORMATION ABOUT NON-CASH TRANSACTION		
Transferred from lands held for sale to investment property	<u>90,074</u>	-
Capital decrease through cash dividends to shareholders	<u><u>3,765,041</u></u>	-

**Methaq Real Estate Investment Company
and It's Subsidiaries
Public shareholding Company
Amman - The Hashemite Kingdom of Jordan**

Notes to the financial statement

1. General information

- Legal status and activity for parent company and subsidiaries as follows:

Company name	Parent company ownership percentage	Legal status	Registration date at the Ministry of Industry and Trade	Rigester	Main activities
Methaq Real Estate Investment Company	-	P.S.C	February 15, 2006	384	Own land and property to implement the goals of the company
Menas Real Estate Investment Company	100%	L.L.C	February 2, 2009	17996	The purchase of land and construction of residential apartments and sell them without any interest
Istaj Real Estate Investment Company	100%	L.L.C	February 2, 2009	17995	The purchase of land and construction of residential apartments and sell them without any interest
Forth Methaq for Property Development Company	100%	L.L.C	August 26, 2009	19520	Own land and property to implement the goals of the company
Third Methaq Real Estate Investment Company	100%	L.L.C	February 8, 2010	20863	Own land and property to implement the goals of the company
Al-Quonitrah for Property Development Company	100%	L.L.C	November 10, 2010	23239	Own land and property to implement the goals of the company

- The financial statement have been approved by the board of directors in his session no. 1 dated on February 9, 2017 and it require approval of the General Assembly.

2. Financial statements preparation framework Significant accounting policies

- **Financial statements preparation framework**

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

- **Measurement bases used in preparing the financial statements**

The financial statements have been prepared on the historical cost basis except for measurement of certain items at bases other than historical cost.

- **Functional and presentation currency**

The financial statements have been presented in the Jordanian dinar (JD) which is the functional currency of the entity.

- **Using of estimates**

- When preparing of financial statements, management uses judgments, assessments and assumptions that affect applying the accounting policies and carrying amounts of assets, liabilities, revenue and expenses. Actual result may differ from these estimates.
- Change in estimates shall be recognized in the period of the change, and future periods if the change affects them.
- For example, estimates may be required for doubtful and bad debts, inventory obsolescence, useful lives of depreciable assets, provisions, any legal cases against the entity

- **Basis of consolidation**

- Control is presumed to exist when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.
- Intergroup balances, transactions, income and expenses among the group (the parent and the subsidiaries company) shall be eliminated in full.
- Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to the parent.

- **Financial instruments**

Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

- **Financial instruments**

- A financial asset is any asset that is:
 - (a) Cash;
 - (b) An equity instrument of another entity;
 - (c) A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.
 - (d) A contract that will or may be settled in the entity's own equity instruments.
- Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.
- All recognized financial assets are subsequently measured either at amortized cost or fair value, on the basis of both:
 - (a) The entity's business model for managing the financial assets, and
 - (b) The contractual cash flow characteristics of the financial assets.
- A financial asset is measured at amortized cost if both of the following conditions are met:
 - (a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
 - (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- All other financial assets are subsequently measured at fair value.
- A gain or loss on a financial asset that is measured of fair value and is not part of a hedging relationship is recognized in profit or loss unless the financial asset is an investment in an equity instrument and the entity has elected to present gains and losses on that investment in other comprehensive income.

Cash and cash equivalents

- Cash comprises cash on hand, current accounts and demand deposits with banks.
- Cash equivalents are short- term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade receivables

- Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Trade receivables are stated at invoices (claims) amount net of allowance for doubtful receivables which represents the collective impairment of receivables.

Impairment of financial assets

- Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each year.
- Financial asset is reduced by the impairment loss directly for all financial assets. The amount of the impairment loss shall be recognized as loss.

- **Financial liabilities**

- A financial liability is any liability that is:
 - (a) A contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
 - (b) A contract that will or may be settled in the entity's own equity instruments.
- Financial liabilities are initially recognized at fair value plus transaction costs, directly attributable to the acquisition or issue of those liabilities, except for the financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.
- After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss which are measured at fair value and other determined financial liabilities which are not measured under amortized cost method.
- Financial liabilities at fair value through profit or loss are stated at fair value, with any resulting gain or loss from change in fair value is recognized through profit or loss.

Trade payables and accruals

Trade payables and accruals are liabilities to pay for goods or services that have been received or supplied and have been either invoiced or formally agreed with the suppliers or not.

- **Lands held for sale**

- Lands held for sale are measured at the lower of cost and net realizable value.
- Lands held for sale costs comprise all costs of conversion and other costs incurred to acquire the lands by the company.
- Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

- **Investment property**

- Investment property is property (land or building- or part of a building- or both):
 - Held by the entity to earn rentals,
 - For capital appreciation, or both, rather than for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.
- Investment property is measured initially at its cost, including transaction costs.
- After initial recognition, investment property is carried, in the statement of financial position, at its cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.
- The carrying values of investments property are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
- On the subsequent derecognition (sale or retirement) of the investment property, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

- **Property and equipment**

- Property and equipment are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.
- After initial recognition, the property and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.

- The depreciation charge for each period is recognized as expense. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed over the estimated useful life of the assets using the following rates:

Category	Depreciation rate
	%
Software and computers	25
Transport means	15
Decoration	15
Office and electrical equipment's	10-15
Furniture	10
Models	20

- The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
- The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
- On the subsequent derecognition (sale or retirement) of the property and equipment, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.
- **Impairment of assets**
 - At each statement of financial position date, management reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired.
 - If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset.
 - An impairment loss is recognized immediately as loss.
 - Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately as income.
- **Provisions**
 - Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date.
 - Provisions reviewed and adjusted at each statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income.
- **Statutory reserve**
 - **Parent company - (Public Shareholding Company)**

Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals one quarter of the Company's subscribed capital. However, the Company may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full. Such reserve is

not available for dividends distribution.

Subsidiary company – (Limited Liability Company)

Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals of the Company's subscribed capital. Such reserve is not available for dividends distribution.

– **Basic earnings per share**

Basic earnings per share is calculated by dividing profit or loss, attributable to ordinary shareholders, by the weighted average number of ordinary shares outstanding during the year.

– **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

Sale of lands

Revenue is recognized when contract are signed and handing over the land to the buyer and all the following conditions are satisfied:

- The entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the entity.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend and interest revenue

- Dividend revenue from investments is recognized when the shareholder's right to receive payment is established.
- Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

– **Borrowing costs**

- Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.
- Borrowing costs are expensed in the period in which they are incurred.

– **Income tax**

Accrual tax

Income tax is calculated in accordance with laws and regulations applicable in Jordan.

Differed Tax

Some temporary differences arise when expense or income is included in accounting profit in one period while is included in taxable profit in a different period, therefore, deferred tax liability (asset) is recognized, which is, expected to be settled (recovered) in future financial periods as a result of the differences between the value of assets or liabilities in the statement of financial position on which basis the tax is calculated.

– **Contingent liabilities**

- Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably.
- Contingent liabilities are not recognized in the financial statements.

3. Cash and cash equivalent

	2016	2015
	JD	JD
Deposit account at bank (*)	3,576,000	300,000
Current account at bank	391,413	-
Total	3,967,413	300,000

(*) The deposit is fixed for monthly with 2% murabha.

4. Investments in financial assets at fair value through profit or loss

	2016	2015
	JD	JD
Balance - beginning of year	13,200	13,200
Change in fair value	(12,000)	-
Balance - end of year	1,200	13,200

5. Accounts receivable and other debit balances

	2016	2015
	JD	JD
Notes receivable	162,000	162,000
Allowance for doubtful notes receivable	(161,999)	(161,999)
Net of notes receivable	1	1
Prepaid expenses	12,671	13,236
Checks under collection	9,750	19,000
Other	4,772	770
Bank deposit against LG's	2,020	2,020
Refundable deposits	490	490
Cash deposits against facilities	-	201,139
Total	29,704	236,656

6. Lands held for sale

- Movement on lands held for sale during the year was as following:

	2016	2015
	JD	JD
Balance - beginning of year	4,299,428	4,489,012
Transferred to investment property	(90,074)	-
Additions during the year	-	3,099
Sales during the year	-	(192,683)
Balance - end of year	4,209,354	4,299,428

- The average market value for the land held for sale as per the property expert evaluation dated on 8 and 10 January 2017 was JD 5,239,903 with an increase of JD 1,030,549.

7. Investment property

- Movement on investment property during the year was as following:

	2016	2015
	JD	JD
Balance - beginning of year	8,490,270	8,680,816
Transferred from land held for sale	90,074	-
Additions during the year	379,470	-
Sales during the year	(3,180,762)	(190,546)
Balance - end of year	5,779,052	8,490,270

- This item include a land number (1058) in Al-Malf of western area number (23) amounted to JD 2,201,601 registered in the name of Specialist Company for Financial Leasing to obtain financing later on.
- The average market value for the investment property as per the property expert evaluation dated on 8 and 10 January 2017 was JD 7,968,819 with an increase of JD 2,189,767.

8. Property and equipment

2016	Software and computers	Transport means	Decoration	Office and electrical equipment's	Furniture	Models	Total
	JD	JD	JD	JD	JD	JD	
Cost							
Balance - beginning of year	27,519	14,460	33,255	13,575	15,714	6,500	111,023
Additions	2,739	-	-	-	-	-	2,739
Disposal	(11,918)	-	-	(140)	-	-	(12,058)
Balance - end of year	18,340	14,460	33,255	13,435	15,714	6,500	101,704
Accumulated depreciation							
Balance - beginning of year	27,434	10,637	31,092	12,885	14,165	6,499	102,712
Depreciation	323	2,169	1,353	284	1,231	-	5,360
Disposal	(11,904)	-	-	(139)	-	-	(12,043)
Balance - end of year	15,853	12,806	32,445	13,030	15,396	6,499	96,029
Net	2,487	1,654	810	405	318	1	5,675
2015							
Cost							
Balance - beginning of year	27,519	14,460	33,255	13,575	15,714	6,500	111,023
Balance - end of year	27,519	14,460	33,255	13,575	15,714	6,500	111,023
Accumulated depreciation							
Balance - beginning of year	27,321	8,474	29,743	12,478	12,600	6,499	97,115
Depreciation	113	2,163	1,349	407	1,565	-	5,597
Balance - end of year	27,434	10,637	31,092	12,885	14,165	6,499	102,712
Net	85	3,823	2,163	690	1,549	1	8,311

9. Account payable and other credit balances

	2016	2015
	JD	JD
Shareholders deposits	3,892,010	127,009
Income tax provision(*)	42,558	16,100
Other deposits	36,456	34,625
Trade receivables	14,725	30,256
Post dated checks	12,930	12,720
Social security withheld	2,153	2,197
Income and sales tax withheld	1,190	1,230
Others	250	-
Accrued expenses	-	14,215
Total	4,002,272	238,352

(*) Movement on income tax provision during the year was as following:

	2016	2015
	JD	JD
Balance - beginning of year	16,100	-
Provided during the year	42,528	16,100
Paid during the year	(16,070)	-
Balance - end of year	42,558	16,100

(**) Income tax that appear in the statement of comprehensive income consists from the following:

	2016	2015
	JD	JD
Deferred income tax	108,940	63,243
Accrued income tax on year profit	42,528	16,100
Balance - end of year	151,468	79,343

(***) Movement on deferred tax assets account was as following:

	2016	2015
	JD	JD
Balance - beginning of year	112,725	175,968
Recoverd	(108,940)	(63,243)
Balance - end of year	3,785	112,725

(****) The tax status for parent company and some of its subsidiaries has not been finished yet, the following is the tax detail:

Company Name	Years that tax status have not been settled
Methaq Real Estate Investment Co.	2012, 2013, 2014, 2015
Menas Real Estate Investment Co.	2015
Istaj Real Estate Investment Co.	2015
Forth Methaq for Property Development Co.	2015
Third Methaq Real Estate Investment Co.	2012, 2015
Al-Quonitrah for Property Development Co.	2015

Based on the management and tax consultant opinion the tax provision for 2016 is sufficient, and the deferred tax assets will be recovered in the coming years, also all tax returns have been submitted up to date.

10. Authorized, and paid-in capital

Based on the General Assembly Extraordinary meeting held on November 12, 2016, it has been decided to reduce company's capital for an amount of JD 3,765,041 because it is in excess of company's need, and the amount will be distributed to shareholders according to their proportion of capital, for the company's capital to become JD 9,500,000 instead of JD 13,265,041, the company has finished all legal procedures with the concerned parties on December 22, 2016.

11. Other revenues

	2016	2015
	JD	JD
Islamic murabaha	48,875	-
Bank interest	5,755	1,200
Others	912	-
Gain from sale of property and equipment	229	-
Total	55,771	1,200

12. Administrative expenses

	2016	2015
	JD	JD
Salaries and wages	154,375	158,502
Social security contribution	17,016	17,023
Rents	16,365	16,906
Professional fees	15,345	15,555
Government fees and licenses	13,637	12,583
Subscriptions	13,132	13,132
Electricity , water and fuel	6,869	6,724
Donations	5,755	-
Depreciation	5,360	5,597
Communication	3,707	5,004
Board of directors transportation	2,250	-
Health Insurance	2,029	2,829
Meetings	1,658	1,163
Maintenance	1,484	2,081
Stationery and printing	1,463	1,575
Hospitality	1,199	319
Advertising	615	315
Insurance	560	560
Miscellaneous	554	574
Transportation	302	-
Cleaning	207	172
Penalties	-	1,868
Total	263,882	262,482

13. Earnings per share

	2016	2015
	JD	JD
Profit (loss) of the year	744,163	(108,461)
Weighted average number of shares	13,069,052	13,265,041
Earnings per share	JD -/057	JD(-/008)

14. Accumulated loss for some subsidiaries

- The accumulated loss for Al-Quonitrah for Property Development Company (L.L.C) as of the statement of the financial position date was 29,840 JD which is 298% of company capital.
- The accumulated loss for Forth Methaq for Property Development Co. (L.L.C) as of the statement of financial position date was 40,434 JD which is 67% of company capital.
- According to article (75) of Jordanian Companies Law No (22) for the year 1997 and its amendments [should the losses of the limited liability company exceed half of its capital, the company's manager or its management committee shall invite the company's General Assembly to an extraordinary meeting in order to decide on whether the company should be liquidated or continue to exist in a manner that would rectify its position. If the General Assembly fails to reach a decision in this respect within two consecutive meetings, the controller shall grant the company a grace period of not more than a month to reach the decision. If it fails in reaching a decision, the company shall be referred to court for the purposes of compulsory liquidation in accordance with the provisions of law, should the company's losses amount to three quarters of its capital, the company shall be liquidated unless the company's capital to deal with the losses or quench it in accordance with the accredited international accounting and auditing standard, provided that the total of the remaining losses does not exceed half of the company's capital in both cases.] the company has not held such a meeting till date.

15. Risk management

a) Capital risk:

Regularly, the capital structure is reviewed and the cost of capital and the risks associated with capital are considered. In addition, capital is managed properly to ensure continuing as a going concern while maximizing the return through the optimization of the debt and equity balance.

b) Currency risk:

- Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- The risk arises on certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year.
- Certain procedures to manage the exchange rate risk exposure are maintained.

c) Interest rate risk:

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- The risk arises on exposure to a fluctuation in market interest rates resulting from borrowings and depositing in banks.
- The risk is managed by maintaining an appropriate mix between fixed and floating interest rates balances during the financial year.
- The following table shows the sensitivity of profit or loss and equity to changes in interest rates paid by the entity on borrowing from the banks:

At December 31, 2016	Change in interest %	profit (loss) owner equity	
		JD	
Deposit at a bank	0,5	±	17,880

d) Other price risk:

- Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- The risk arises from investing in equity investments.

e) Credit risk:

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Ongoing credit evaluation is performed on the financial condition of debtors.
- The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking into account the value of any collateral obtained.

f) Liquidity risk:

- Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.
- Liquidity risk is managed through monitoring cash flows and matching with maturity dates of the financial assets and liabilities. The following table shows the maturity dates of financial assets and liabilities as of December 31:

Description	Less than 1 year	
	2016	2015
	JD	JD
Financial assets:		
Cash and cash equivalent	3,967,413	300,000
Investment in financial assets at fair value through profit or loss	1,200	13,200
Account receivable and other debit receivables	17,033	223,420
Total	3,985,646	536,620
Financial liabilities:		
Bank overdraft	-	5,750
Loan	-	201,699
Other credit balances	3,959,714	222,252
Total	3,959,714	429,701

16. Fair value of financial instruments

- The entity shall classifies measuring fair value methods using fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy of fair value of financial instruments have the following levels:
- Level 1: listed prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs rather than prices listed in level 1 and observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: inputs for the asset or liability is not based on comparable market data that can be observed (non-observable inputs).

December 31, 2016	Levels			
	1	2	3	Total
Financial instruments	JD	JD	JD	JD
Investment in financial assets at fair value through profit or loss	1,200	-	-	1,200

17. financial statement for the subsidiary

The consolidated financial statement includes the financial statement of the subsidiaries as of December 31, 2016 as follows:

Company name	Paid capital	Total assets	Total liabilities	Retained earnings (accumulated loss)
	JD	JD	JD	JD
Menas Real Estate Investment Co.	10,000	16,816	1,364	1,992
Istaj Real Estate Investment Co.	10,000	2,201,601	1,993,522	188,079
Forth Methaq for property development Co.	60,000	997,078	977,402	(40,434)
Third Methaq Real Estate Investment Co.	35,000	3,216,061	3,150,840	26,384
Al-Quonitrah for Property Development Co.	10,000	2,627,983	2,647,823	(29,840)

18. Standards and Interpretations issued but not yet effective

Up to the date of these financial statements, the following Standards and Interpretations were issued by the International Accounting Standards Board but not yet effective:

Standard or Interpretation No.	Description	Effective date
IFRS (9) - New	Financial Instruments	Jan 1, 2018 or after
IFRS (15) - New	Revenue from contracts with customers	Jan. 1, 2018 or after
IFRS (16) - New	Leases – all leases are being recognized in the statement of financial position, without distinctions between operating and finance leases	Jan 1, 2019 or after
IAS (7) - Amendments	Additional disclosures enables users of financial statement to assess the required changes arising from financial operation	Jan 1, 2017 or after
IAS (12) - Amendments	Recognition to deferred tax assets for unrealized losses	Jan 1, 2017 or after

Management anticipates that the adoption of these Standards and Interpretations in current or future periods may not have material impact on the financial statements.