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السادة هيئة الأوراق المالية المحترمين

التاريخ: 2017/04/29

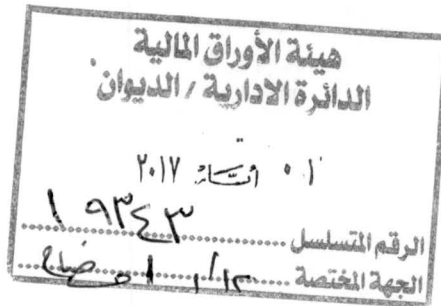
الموضوع : البيانات المالية باللغة الإنجليزية لعام 2016

تحية و بعد؛

بالإشارة الى الموضوع أعلاه نرفق لكم البيانات المالية باللغة الإنجليزية لعام 2016 و المصادق عليها من مدقق الحسابات السادة أرنست أند يونغ.

نائب رئيس مجلس الإدارة

مكرم قبعين



JORDAN WOOD INDUSTRIES COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016



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INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Jordan Wood Industries Company – Public Shareholding Company
Amman Jordan**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Jordan Wood Industries Company – Public Shareholding Company** (the "Company") and its Subsidiary (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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



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

Existence and valuation of Inventories

At 31 December 2016, total inventories balance amounted to JD 3 million representing 25% of total assets of the Group these inventories mainly consist of raw materials and finished goods located in the company's warehouse and showroom. The assessment of revaluation of inventories to net realizable value is mainly based on management estimates.

How the Key audit Matter was addressed

Our audit procedures included testing the Group's controls around existence of inventory and key controls of the inventory cycle. In addition, our audit procedures included observation of the stock counts held at the company's warehouses. Also, we selected a sample before and after the year end of 31 December 2016 to assess whether the inventory was recorded in the correct period. In addition, we tested the basis for inventory obsolescence in line with management estimates. In doing so we tested the ageing profile of inventory, the process for identifying specific problems in inventory and historical loss rates.

Disclosure of the inventories are detailed in note 8 to the consolidated financial statements.

Recoverability of trade receivables

The determination as to whether a trade receivables is collectable involves management judgement. Management considers specific factors including the age of the balance, historical payment patterns and other available information concerning the creditworthiness of customers. Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for a customer's balance overall.

We focused on this area because it requires a high level of management judgment.

How the Key audit Matter was addressed

We tested aged balances to check that there were no indicators of impairment. This included verifying if payments had been received since the year-end, reviewing historical payment patterns and any correspondence with customers on expected settlement dates.



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We selected a sample of the larger trade receivable balances where a provision for impairment of trade receivables was recognised and understood the rationale behind management's judgement. In order to evaluate the appropriateness of these judgements we verified whether balances were overdue, the customer's historical payment patterns and whether any post year-end payments had been received up to the date of completing our audit procedures.

Disclosure of the trade receivables are detailed in note 6 to the consolidated financial statements.

Other information included in the Company's 2016 annual report.

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

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

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

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

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

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

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



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

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

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

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

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



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

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

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

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

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts and the accompanying financial statements are in agreement therewith.

Ernst & Young / Jordan

Mohammad Ibrahim Al-Karaki
License No. 882

15 March 2017
Amman - Jordan

JORDAN WOOD INDUSTRIES COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 31 DECEMBER 2016

	Notes	2016 JD	2015 JD
<u>ASSETS</u>			
Non-Current Assets -			
Property and equipment	3	6,597,937	7,305,160
Intangible assets	4	79,497	58,200
Deferred tax assets	12	349,952	131,305
Checks under collection	5	-	1,630
		<u>7,027,386</u>	<u>7,496,295</u>
Current Assets -			
Accounts receivable and other current assets	6	1,211,791	1,684,410
Inventories	8	3,006,098	3,551,494
Checks under collection	5	234,810	272,660
Due from related parties	19	1,412	150,174
Cash on hand and at banks	18	189,453	762,455
		<u>4,643,564</u>	<u>6,421,193</u>
Total Assets		<u>11,670,950</u>	<u>13,917,488</u>
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Equity -	9		
Paid in capital		5,000,000	5,000,000
Share premium		3,736,582	3,736,582
Statutory reserve		1,135,018	1,135,018
Voluntary reserve		1,107,368	1,107,368
Accumulated losses		(2,725,188)	(2,206,376)
Total Equity		<u>8,253,780</u>	<u>8,772,592</u>
Current Liabilities -			
Accounts payable	10	2,632,807	4,013,577
Provisions and other current liabilities	11	784,363	1,131,319
Total Liabilities		<u>3,417,170</u>	<u>5,144,896</u>
Total Equity and Liabilities		<u>11,670,950</u>	<u>13,917,488</u>

The attached notes 1 to 26 form part of these consolidated financial statements

JORDAN WOOD INDUSTRIES COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 JD	2015 JD
Sales	13	9,897,746	10,246,172
Cost of sales	14	(7,839,176)	(8,311,893)
Gross profit		2,058,570	1,934,279
Selling and marketing expenses	15	(1,931,730)	(2,144,846)
Administrative expenses	16	(832,370)	(1,111,408)
Provision for doubtful debts	19 & 6	(158,611)	(368,213)
Provision for vacations and end of service indemnity	11	(54,833)	(59,713)
Provision for slow moving items	8	(240,058)	(270,146)
Recovery from (provision for) obligations	11	4,840	(170,561)
Recovery from (provision for) losses of an associate	7	375,331	(78,066)
Finance costs		(2,479)	(2,084)
Other income		43,881	7,941
Loss before tax for the year		(737,459)	(2,262,817)
Income tax benefits	12	218,647	56,441
Loss for the year		(518,812)	(2,206,376)
Add: other comprehensive income		-	-
Total comprehensive income for the year		(518,812)	(2,206,376)
		JD/Fils	JD/Fils
Basic and diluted earnings per share attributable to equity holders	17	(0/104)	(0/441)

The attached notes 1 to 26 form part of these consolidated financial statements

JORDAN WOOD INDUSTRIES COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Paid in capital	Share premium	Reserves		Accumulated losses	Total
	JD	JD	Statutory	Voluntary	JD	JD
2016 -						
Balance as at 1 January 2016	5,000,000	3,736,582	1,135,018	1,107,368	(2,206,376)	8,772,592
Total comprehensive income for the year	-	-	-	-	(518,812)	(518,812)
Balance as of 31 December 2016	<u>5,000,000</u>	<u>3,736,582</u>	<u>1,135,018</u>	<u>1,107,368</u>	<u>(2,725,188)</u>	<u>8,253,780</u>
2015 -						
Balance as at 1 January 2015	5,000,000	4,732,179	1,135,018	1,607,368	(995,597)	11,478,968
Total comprehensive income for the year	-	-	-	-	(2,206,376)	(2,206,376)
Accumulated losses write off	-	(995,597)	-	-	995,597	-
Dividends distribution	-	-	-	(500,000)	-	(500,000)
Balance as of 31 December 2015	<u>5,000,000</u>	<u>3,736,582</u>	<u>1,135,018</u>	<u>1,107,368</u>	<u>(2,206,376)</u>	<u>8,772,592</u>

The attached notes 1 to 26 form part of these consolidated financial statements

JORDAN WOOD INDUSTRIES COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 JD	2015 JD
<u>OPERATING ACTIVITIES</u>			
Loss for the year before tax		(737,459)	(2,262,817)
Non-cash adjustments			
Depreciation and amortization	4 & 3	989,407	1,045,158
Provision for doubtful debts	6 & 19	158,611	368,213
Recovery from (provision for) losses of an associate	7	(375,331)	78,066
Finance costs		2,479	2,084
Provision for vacations and end of service indemnity	11	54,833	59,713
Provision for slow moving items		240,058	270,146
Recovery from (provision for) obligations	11	(4,840)	170,561
Gain on disposal of property and equipment		(21,390)	-
Working capital adjustments:			
Checks under collection		39,480	8,554
Accounts receivable and other current assets		452,664	510,021
Due from related parties		10,106	453,325
Inventories		284,540	(83,163)
Accounts payable		(1,380,770)	1,053,222
Provisions and other current liabilities		(9,504)	(45,227)
End of service indemnity paid	11	(5,791)	(24,778)
Litigation provision paid	11	(6,323)	-
Net cash flows (used in) from operating activities		(309,230)	1,603,078
<u>INVESTING ACTIVITIES</u>			
Purchase of property and equipment	3	(213,493)	(279,228)
Purchase of intangible assets	4	(69,190)	(8,284)
Proceeds from sale of property and equipment		21,390	-
Net cash flows used in investing activities		(261,293)	(287,512)
<u>FINANCING ACTIVITIES</u>			
Finance costs paid		(2,479)	(2,084)
Dividends paid		-	(500,000)
Net cash flows used in financing activities		(2,479)	(502,084)
Net (decrease) increase in cash and cash equivalents		(573,002)	813,482
Cash and cash equivalents, beginning of the year		762,455	(51,027)
Cash and cash equivalents, end of the year	18	189,453	762,455

The attached notes 1 to 26 form part of these consolidated financial statements

(1) GENERAL

Jordan Wood Industries Co. (the "Company") was established as a public shareholding company in accordance with the Jordanian Companies' Law no. 176 on November 15, 1982 with a paid in capital of JD 1,500,000. The Company's paid in capital has increased over the years to reach JD 5,000,000 in 2011 at a par value of JD 1 per share. The address of the Company is Amman, Muqabalain. P.O Box 5272, Amman 11183 – Jordan.

The Company's main objectives are:

- Manufacturing of wooden kitchens (ready to use kitchens)
- Manufacturing of wooden office furniture
- Manufacturing of wooden doors and windows – carpentry
- Investing in other companies and to help them achieve their goals
- Establishing, managing and acquiring movable and immovable assets as well as establishing the necessary facilities to achieve Company's objectives.

The company has established a wholly owned subsidiary (Jwico Investment Company - limited liability) in the Kingdom of Bahrain on 28 July 2008 with a paid in capital of Bahrain Dinar 50,000. On 6 August 2008, JWICO Investment Company invested 30% of Depa Jordan Company for investment capital with a total amount of Bahrain Dinar 75,000.

The consolidated financial statements for the year ended 31 December 2016 were authorized for issue in accordance with a resolution of the Board of Directors on 9 March 2017.

(2.1) BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis.

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

The consolidated financial statements are presented in Jordanian Dinars, which represents the functional currency of the Company.

JORDAN WOOD INDUSTRIES COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2016

(2.2) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Jordan Wood Industries Company (the "Company") and its subsidiaries (the "Group") as at 31 December 2016:

	<u>The main activity</u>	<u>Capital</u>	<u>Country of incorporation</u>	<u>Ownership percentage 2016</u>	<u>Ownership percentage 2015</u>
JWICO for Investments	Trading stocks and bonds	Bahraini Dinar 50,000	Bahrain	100%	100%

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The financial statements of the subsidiary are prepared for the same financial year of the Company, using consistent accounting policies. If different accounting policies were applied by the subsidiary, adjustments shall be made on their financial statements in order to comply with those of the Company.

Non-controlling interest represents the portion not owned by the Company of its subsidiary. Losses attributable to non-controlling interest are recognized even if that results in a deficit balance.

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

(2.3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2015 except for the followings:

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)

In August 2014, the IASB amended IAS 27 Separate Financial Statements which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

IAS 1 Presentation of Financial Statements – Amendments to IAS 1

The amendments to IAS 1 include narrow-focus improvements related to:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

Investment entities (Amendments to IFRS 10 and IAS 28)

The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify that:

- The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortization*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

The implementation of the new amendments did not have impact on the Group's financial position or performance and became effective for annual periods which started from 1 January 2016.

(2.4) USE OF ESTIMATES

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

(2.5) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of profit or loss.

Depreciation (except for land) is computed on a straight-line basis over the estimated useful lives of assets as follows:

<u>Description</u>	<u>Years</u>
Buildings	4
Building improvements	10
Machinery and equipment	10
Furniture and fixture	9-15
Vehicles	15
Computers	20
Tools and devices	15-20

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the consolidated statement of profit or loss.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Intangible assets

The measurement of intangible assets at acquisition by cost or fair value if resulting from the acquisition subsidiaries.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

JORDAN WOOD INDUSTRIES COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2016

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

For Intangible assets which have finite useful life, they are amortized over its expected economic life by using the following annual rates:

Computer software	20%
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An annual review to assess the useful life of finite intangible assets is conducted annually.

Investment in an associate

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortized. The consolidated statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate

Cash and cash equivalents

For the purpose of the preparation of consolidated statement of cash flows, cash and cash equivalents consists of cash and short-term deposits are defined above, net of outstanding bank overdraft and restricted cash.

Accounts receivable

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Accounts Payable and Accruals

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

Foreign currencies

The consolidated financial statements are presented in Jordanian Dinars, which is the Company's functional and presentation currency. Each subsidiary determines its own functional currency and items included in the financial statements of the entity are measured using the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated statement of financial position date. All differences are taken to the consolidated statement of profit or loss.

Income Tax

Income tax expenses represent current income taxes and deferred taxes.

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each statement of financial position date, the Group re-assesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. The Group recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income tax provision was calculated for the year ended 31 December 2016 in accordance with the Income Tax Law No. (34) of 2014

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and tax losses and tax credit carry-forwards. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the enterprise expects, at the statement of financial position date, to recover or settle the carrying amount of its assets and liabilities.

The carrying values of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs in bringing each product to its present location and conditions are calculated as follows:

Raw materials and spare parts – purchase cost on weighted average basis.

Finished goods and work in progress – cost of direct materials and labor and a proportion of manufacturing overheads.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Revenue and expense recognition

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of goods.

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

Dividend income is recognized when it is realized (declared and approved by the shareholders general assembly).

Other revenues are recognized on an accrual basis.

Expenses are recognized on an accrual basis

Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Segment Reporting

For the purpose of reporting to management and the decision makers in the Group, a business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

For the purpose of reporting to management and the decision makers in the Group, a geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Fair value measurement

Fair values of financial instruments measured at amortised cost are disclosed in (Note 22).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recorded in the consolidated statement of profit or loss.

Impairment of financial assets

The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired. In case impairment exists, the Group determines the recoverable amount to identify the impairment loss.

Impairment amount is determined as follows:

- Assets carried at amortized cost

The loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

In relation to trade receivables, a provision for impairment is made when there is objective evidence that the Group will not be able to collect all of the amounts due under the original terms of the invoice.

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(3) PROPERTY AND EQUIPMENT

	Land	Buildings	Building improvements	Machinery and equipment	Furniture and fixtures	Vehicles	Computers	Tools and devices	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
2016 -									
Cost									
At 1 January 2016	2,732,504	3,671,299	1,849,880	7,150,581	973,850	709,720	250,950	434,364	17,773,148
Additions	-	59,746	-	13,176	21,532	111,259	450	28,128	234,291
Disposals	-	-	-	-	-	(65,000)	-	-	(65,000)
At 31 December 2016	2,732,504	3,731,045	1,849,880	7,163,757	995,382	755,979	251,400	462,492	17,942,439
Accumulated depreciation									
At 1 January 2016	-	2,687,545	554,315	5,418,272	613,657	675,899	228,622	289,678	10,467,988
Depreciation charge for the year	-	165,908	184,988	439,359	66,654	21,438	10,580	52,587	941,514
Disposals	-	-	-	-	-	(65,000)	-	-	(65,000)
At 31 December 2016	-	2,853,453	739,303	5,857,631	680,311	632,337	239,202	342,265	11,344,502
Net book value									
At 31 December 2016	2,732,504	877,592	1,110,577	1,306,126	315,071	123,642	12,198	120,227	6,597,937

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	Land	Buildings		Building improvements		Machinery and equipment		Furniture and fixtures		Vehicles		Computers		Tools and devices		Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2015 - Cost																
At 1 January 2015	2,732,504	3,527,728	1,849,880	7,030,881	946,281	735,220	250,189	415,342	17,488,025							
Additions	-	143,571	-	119,700	27,569	-	9,186	19,022	319,048							
Disposals	-	-	-	-	-	(25,500)	(8,425)	-	(33,925)							
At 31 December 2015	2,732,504	3,671,299	1,849,880	7,150,581	973,850	709,720	250,950	434,364	17,773,148							
Accumulated depreciation																
At 1 January 2015	-	2,527,492	369,327	4,947,096	545,140	672,064	223,405	242,716	9,527,240							
Depreciation charge for the year	-	160,053	184,988	471,176	68,517	29,335	13,642	46,962	974,673							
Disposals	-	-	-	-	-	(25,500)	(8,425)	-	(33,925)							
At 31 December 2015	-	2,687,545	554,315	5,418,272	613,657	675,899	228,622	289,678	10,467,988							
Net book value																
At 31 December 2015	2,732,504	983,754	1,295,565	1,732,309	360,193	33,821	22,328	144,686	7,305,160							

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(4) INTANGIBLE ASSETS

This item represents the following:

	Computer software	
	2016	2015
Cost -	JD	JD
balance as of January 1 st	442,728	434,444
Additions	69,190	8,284
Balance as of December 31 st	511,918	442,728
Accumulated Amortization -		
Balance as of January 1 st	384,528	314,043
Amortization for the year	47,893	70,485
Balance as of December 31 st	432,421	384,528
Net book value	79,497	58,200

(5) CHECKS UNDER COLLECTION

	2016		2015	
	Short term	Long term	Short term	Long term
	JD	JD	JD	JD
Checks under collection	234,810	-	272,660	1,630

(6) ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

	2016	2015
	JD	JD
Local sales receivables	533,445	417,864
Foreign sales receivables	522,440	925,376
	1,055,885	1,343,240
Allowance for doubtful debts*	(268,333)	(248,378)
	787,552	1,094,862
Prepaid expenses	86,144	137,410
Employees receivables	29,435	40,020
Advance payments to suppliers	111,080	202,163
Refundable deposits	167,507	183,287
Due from sales tax	30,073	26,668
	1,211,791	1,684,410

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* The movements on the allowance for doubtful debts were as follows:

	2016 JD	2015 JD
At 1 January	248,378	88,148
Provided during the year	19,955	160,230
At 31 December	268,333	248,378

As at 31 December, the ageing of unimpaired trade receivables is as follows:

	<i>Neither past due nor impaired</i>	<i>Past due but not impaired</i>				
		<i>1 – 90 days</i>	<i>91 – 180 days</i>	<i>181-360 days</i>	<i>More than 360 days</i>	<i>Total</i>
	JD	JD	JD	JD	JD	JD
2016	156,029	388,037	55,286	164,882	23,318	787,552
2015	74,775	698,518	98,219	152,296	71,054	1,094,862

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

(7) INVESTMENTS IN AN ASSOCIATE

This item represents the Company's investment in Depa Jordan Investment Company which is 30% owned by JWICO Investment Company - Bahrain (subsidiary). The investment in associate is recognized using the equity method, and the details are as follows:

	2016 JD	2015 JD
Current assets	1,122,860	1,368,342
Non- current assets	18,339	25,077
Current liabilities	(2,540,175)	(2,595,597)
Non- current liabilities	-	-
	(1,398,976)	(1,202,178)

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	<u>2016</u>	<u>2015</u>
	JD	JD
Revenues	-	370,522
Cost of revenue	(12,986)	(333,060)
Other expenses	(183,812)	(164,646)
	<u>(196,798)</u>	<u>(127,184)</u>

(8) INVENTORIES

	<u>2016</u>	<u>2015</u>
	JD	JD
Raw materials	2,126,277	2,397,902
Work in progress	573,842	391,252
Finished goods	417,105	603,786
Spare parts	399,078	428,700
Allowance for slow moving inventories	(510,204)	(270,146)
	<u>3,006,098</u>	<u>3,551,494</u>

(9) EQUITY

Paid in Capital -

Paid in capital comprises of JD 5,000,000 divided into 5,000,000 shares at par value of 1 JD per share.

Share premium -

This account balance represents 1,000,000 shares offered for private placement in 2008 for strategic partner Depa Jordan for Investment Company (associate Company) at a price of JD 4.5 per share. In addition to previous offerings were made before 2007.

Statutory Reserve -

Balance in this account represents transfers from the annual profit before income tax at a rate of 10% .Moreover, the amounts transfers for this reserve should not exceed the Company's authorized capital. This reserve is not available for distribution to the shareholders.

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Voluntary Reserve –

Represents transfers from profit before tax at a maximum of 20%. This reserve is available for distribution to the shareholders.

(10) ACCOUNTS PAYABLE

	<u>2016</u>	<u>2015</u>
	JD	JD
Due to local suppliers	1,114,029	1,226,446
Due to foreign suppliers	216,235	338,361
Advance payments received from customers	1,302,543	2,448,770
	<u>2,632,807</u>	<u>4,013,577</u>

(11) PROVISIONS AND OTHER CURRENT LIABILITIES

	<u>2016</u>	<u>2015</u>
	JD	JD
Sales tax payable	117,693	100,710
Sales tax provision	9,317	9,317
Provision for employees' vacation and end of service indemnity *	263,363	214,321
Guarantee provision	17,215	17,215
Dividends payable	47,991	80,309
Accrued Expenses	154,550	140,174
Employees rewards	-	8,545
Provision for lawsuits and obligations (Note 20)**	174,234	185,397
Provision for company's share of loss of an associate***	-	375,331
	<u>784,363</u>	<u>1,131,319</u>

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- * Movements on the provision for employees' vacation and end of service indemnity were as follows:

	<u>2016</u>	<u>2015</u>
	JD	JD
Balance as of 1 January	214,321	179,386
Provision for the year	54,833	59,713
Paid during the year	<u>(5,791)</u>	<u>(24,778)</u>
Balance as of 31 December	<u>263,363</u>	<u>214,321</u>

- ** Movements on the provision for lawsuits and obligations were as follows:

	<u>2016</u>	<u>2015</u>
	JD	JD
Balance as of 1 January	185,397	14,836
Provision for the year	-	170,561
Reversed from provision	(4,840)	-
Paid during the year	<u>(6,323)</u>	<u>-</u>
Balance as of 31 December	<u>174,234</u>	<u>185,397</u>

- *** Movements on the provision for company's share of loss of an associate were as follows:

	<u>2016</u>	<u>2015</u>
	JD	JD
Balance as of 1 January	375,331	297,265
Company's share of loss for the year	-	78,066
Reversed from provision	<u>(375,331)</u>	<u>-</u>
Balance as of 31 December	<u>-</u>	<u>375,331</u>

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(12) INCOME TAX

The income tax appear in the income statement consist from the following:

	<u>2016</u>	<u>2015</u>
	JD	JD
Deferred tax assets	<u>218,647</u>	<u>56,441</u>

The Reconciliation between the taxable profit and the accounting profit is as follows:

	<u>2016</u>	<u>2015</u>
	JD	JD
Accounting loss	(1,012,304)	(2,262,817)
Add: Non-deductible expenses	348,176	946,699
Deduct: End-of-service indemnity provision paid	<u>(5,792)</u>	<u>(24,778)</u>
Taxable Income	<u>(669,920)</u>	<u>(1,340,896)</u>
Income tax	<u>-</u>	<u>-</u>
Statutory income tax rate	14%	14%

Deferred tax assets

The movement on deferred tax assets as of 31 December is as follows:

	<u>2016</u>	<u>2015</u>
	JD	JD
Balance as of 1 January	131,305	74,864
Current year income tax	<u>218,647</u>	<u>56,441</u>
Balance as of 31 December	<u>349,952</u>	<u>131,305</u>

The company reached final settlement with the income and sales tax department for the years up to 2014 except for 2008.

The Income and Sales Tax Department did not review the Company's records for year 2015.

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(13) SALES, NET

	<u>2016</u>	<u>2015</u>
	<u>JD</u>	<u>JD</u>
Local sales	9,919,983	10,153,076
External sales	<u>1,265,683</u>	<u>1,874,424</u>
	11,185,666	12,027,500
Sales discounts	(1,024,967)	(1,495,218)
Sales returns	<u>(262,953)</u>	<u>(286,110)</u>
Net sales	<u>9,897,746</u>	<u>10,246,172</u>

(14) COST OF SALES

	<u>2016</u>	<u>2015</u>
	<u>JD</u>	<u>JD</u>
Raw Materials inventory 1 January	2,397,902	2,350,048
Raw materials purchases during the year	3,912,908	4,958,167
Raw Materials inventory 31 December (Note 8)	<u>(2,126,277)</u>	<u>(2,397,902)</u>
	4,184,533	4,910,313
Work-in-progress inventory 1 January (Note 8)	391,252	157,364
Work-in-progress inventory 31 December (Note 8)	<u>(573,842)</u>	<u>(391,252)</u>
Direct manufacturing expenses (Note 14-A)	1,041,401	891,905
Indirect manufacturing expenses (Note 14-B)	<u>2,609,151</u>	<u>2,669,105</u>
Manufacturing cost	7,652,495	8,237,435
Finished goods inventory 1 January (Note 8)	603,786	678,244
Finished goods inventory 31 December (Note 8)	<u>(417,105)</u>	<u>(603,786)</u>
Cost of Sales	<u>7,839,176</u>	<u>8,311,893</u>

(A) Direct Manufacturing Expenses:

	<u>2016</u>	<u>2015</u>
	<u>JD</u>	<u>JD</u>
Salaries, wages and other benefits	695,165	556,756
Contribution to social security	71,023	61,846
Electricity	173,318	169,742
Maintenance materials expenses	57,421	57,033
Health insurance	27,159	24,288
Fuel	12,397	18,894
Uniforms	1,988	1,697
Bar code labels expenses	2,930	941
Other	-	708
	<u>1,041,401</u>	<u>891,905</u>

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(B) Indirect Manufacturing Expenses

	<u>2016</u>	<u>2015</u>
	JD	JD
Salaries, wages and other benefits	1,274,888	1,183,647
Contribution to social security	147,408	141,137
Depreciation	673,732	693,700
Maintenance expenses	124,444	40,307
Spare parts	39,257	38,447
Vehicles expenses	101,811	111,355
Electricity	46,813	74,427
Fire and theft Insurance	32,095	41,192
Health Insurance	51,506	49,943
Fees and licenses	32,386	24,757
Telephone and fax	6,902	8,311
Water	12,867	10,034
Canteen	2,822	1,987
Safety Items	2,091	2,039
Packaging materials	25,803	201,516
Uniforms	8,705	10,176
Cleaning expenses	3,135	3,184
Fuel	5,165	7,872
Travel and transportation	5,771	18,428
Consulting	4,200	-
Rent	2,750	5,930
ISO certification expenses	4,600	716
	<u>2,609,151</u>	<u>2,669,105</u>

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(15) SELLING AND DISTRIBUTION EXPENSES

	2016	2015
	JD	JD
Salaries, wages and other benefits	521,395	507,035
Contribution to social security	64,954	62,368
Depreciation	240,979	242,606
Showroom rent	598,865	563,010
Vehicles expenses	35,678	32,758
Advertisements and showroom expenses	128,748	139,340
Travel and transportation	10,593	40,372
Telephone and fax	12,668	12,339
Hospitality expenses	379	274
Maintenance expenses	8,405	3,162
Stationery and printings	3,026	2,027
Water and electricity	51,271	51,651
Canteen	3,807	4,719
Health insurance	12,466	11,631
Uniforms	5,280	8,263
Credit card commission	30,564	26,783
Fire doors certification	2,741	10,137
Miscellaneous and other	2,288	6,189
Sales commission	17,223	145,225
Installation expenses	28,434	109,757
Trade mark	14,200	14,160
Freight expenses	29,288	82,207
Certificate of origin fees	2,419	2,680
Bank expenses	71,748	18,797
Other	17,911	31,118
Cleaning	16,400	16,238
	<u>1,931,730</u>	<u>2,144,846</u>

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(16) GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2016</u>	<u>2015</u>
	JD	JD
Salaries, wages and other benefits	466,763	714,772
Contribution to social security	37,073	38,356
Depreciations and amortizations	74,695	108,852
Vehicles expenses	20,484	24,496
Maintenance expenses	56,147	51,428
Stationery and printings	13,806	14,994
Telephone, fax and internet	21,522	24,147
Travel and transportation	17,124	11,454
Hospitality	1,846	1,930
Commissions and bank guarantees	13,511	15,040
Attorney fees and consulting	30,394	25,100
Donations	3,474	80
Fees, licenses and subscriptions	7,604	6,804
Health insurance	9,482	11,165
Fuel	1,436	1,888
Shareholders expenses	5,904	7,558
Professional fees	12,000	10,000
Water and electricity	9,369	12,285
Training	15,626	10,745
Advertisements	998	1,809
Rent	5,000	4,300
Other	8,112	14,205
	<u>832,370</u>	<u>1,111,408</u>

(17) EARNINGS (LOSS) PER SHARE

The details of this item is as follows:

	<u>2016</u>	<u>2015</u>
	JD/Fills	JD/Fills
Loss for the year (JD)	(518,812)	(2,206,376)
Weighted average of number of shares	5,000,000	5,000,000
Basic earnings per share from loss of the year	<u>(0/104)</u>	<u>(0/441)</u>

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(18) CASH AND CASH EQUIVALENTS

Cash and cash equivalents appear in the consolidated statement of cash flows consist of the following balances listed in the consolidated statement of financial position:

	2016	2015
	JD	JD
Cash on hand	29,131	51,244
Cash at banks	160,322	711,211
	<u>189,453</u>	<u>762,455</u>

(19) RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, associated companies, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of the transactions with related parties are approved by the Group's management.

Balances with related parties included in the consolidated statement of financial position are as follows:

	2016	2015
	JD	JD
Due to related parties:		
Current accounts (Union Bank)	<u>56,763</u>	<u>593,003</u>
Due from related parties		
	2016	2015
	JD	JD
Union Bank (Board Member)	1,412	11,518
Depa Jordan For Investment Company (associate company)	346,639	346,639
Deduct: Provision for doubtful debts for related parties	<u>(346,639)</u>	<u>(207,983)</u>
	<u>1,412</u>	<u>150,174</u>

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Movement on the provision for doubtful debts for related parties were as follows:

	<u>2016</u>	<u>2015</u>
	JD	JD
Balance at 1 January	207,983	-
Provision for the year	<u>138,656</u>	<u>207,983</u>
	<u>346,639</u>	<u>207,983</u>

Transactions with related parties included in the consolidated statement of profit or loss are as follow:

	<u>2016</u>	<u>2015</u>
	JD	JD
Income interest- (Union Bank)	<u>1,477</u>	<u>1,475</u>
Sales- (Union Bank)	<u>33,690</u>	<u>25,849</u>

The salaries and benefits for the key management personnel amounted JD 231,600 for the year ended 31 December 2016 (2015: JD 252,000).

(20) CONTINGENT LIABILITIES

	<u>2016</u>	<u>2015</u>
	JD	JD
Letters of guarantee	<u>2,132,104</u>	<u>2,304,952</u>
Lawsuits *	<u>174,234</u>	<u>185,397</u>

- * The company is defendant in a number of lawsuits representing legal actions and claims related to its ordinary course of business, The management and its legal advisor believe that the provision recorded against these lawsuits amounting to JD 174,234 as of 31 December 2016 is sufficient to meet the obligations that may arise from these lawsuits and claims.

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(21) SEGMENT INFORMATION

Business Information

For administrative purposes the Company is organized to include the following industrial products: kitchens, offices, furniture, wall cabinets and other.

Geographical Information

This note represents the geographical distribution of the company's business.

The Company conducts its operations mainly in Hashemite Kingdom of Jordan, in addition to some of the activities in neighboring countries.

Net sales and Assets by geographical segment are as follows:

	For the year ended 31 December					
	Inside Jordan		Outside Jordan		Total	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Net sales	8,632,063	8,371,748	1,265,683	1,874,424	9,897,746	10,246,172

	For the year ended 31 December					
	Inside Jordan		Outside Jordan		Total	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Total Assets	11,790,194	13,917,488	-	-	11,790,194	13,917,488

Management believes that there is no other operating segments in the Company.

(22) Fair Value of Financial Instruments

Financial instruments include financial assets and financial liabilities.

Financial assets consist of cash on hand and at banks, accounts receivable, financial assets and some other debit balances. Financial liabilities consist of trade payables, bank overdrafts and some other credit balances.

The fair values of financial instruments are not materially different from their carrying values.

(23) Capital Management

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

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 31 December 2015.

Capital comprises paid in capital, Share premium, statutory reserve, voluntary reserve, and accumulated losses, and is measured at JD 8,253,780 as of 31 December 2016 (2015: JD 8,772,592).

(24) Risk Management

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 Group's exposure to the risk of changes in interest rates on its assets and liabilities which is bearing interest such as bank overdrafts.

The sensitivity of the consolidated Income statement is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2016.

Credit risk

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

The Group believes it is not exposed to significant credit risk as it sets credit limits to its customer and monitors the outstanding receivable regularly. The Group maintains its balance and deposits in reputable financial institutions.

The Group provide its services to a large number of customers. The largest customer accounts of 19% of the total accounts receivable at 31 December 2016 (2015: 37%).

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Liquidity risk

Liquidity risk is the risk that the Group will not meet its obligations under its financial liabilities based on contractual maturity dates. The Group monitors its liquidity by ensuring availability of funds to meet its obligations at their maturity dates.

The table below summarizes the financial liabilities allocation (undiscounted) as at 31 December, based on contractual payment dates and current market interest rates.

	Less than one year
	JD
2016 -	
Accounts payable	2,632,807
Provisions and Other current liabilities	784,363
Total	<u>3,417,170</u>
	Less than one year
	JD
2015 -	
Accounts payable	4,013,577
Provisions and Other current liabilities	1,131,319
Total	<u>5,144,896</u>

Currency risk

Foreign currency risk is the risk of change the value of financial instruments due to the changes in foreign currency rate.

Most of the Group's transactions are in Jordanian Dinars and U.S. Dollars. The Jordanian Dinars exchange rate is fixed against the U.S. Dollar (US \$ 1.41 for JD 1). Thus, the impact of the currency risk is not material on the consolidated financial statements.

(25) STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE

IFRS 9 Financial Instruments

During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 as issued in July 2014 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

IFRS 16 Leases

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

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The amendments will be effective for annual periods beginning on or after 1 January 2017, with early application permitted. The application of amendments will result in adding limited amount of disclosure information.

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

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

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

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

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

Transfers of Investment Property (Amendments to IAS 40)

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

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

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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

(26) COMPARATIVE FIGURES

Some of 2015 balances were reclassified to correspond with 2016 presentation; the reclassification has no effect on the profit for the year.