

المهنية

الشركة المهنية للاستثمارات العقارية والاسكان م.ع.م  
Almehanyia for Real Estate Investments & Housing Co. P.L.C.

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Date: 15/5/2017

Ref.: 240/2017

To: Jordan Securities Commission  
Amman Stock Exchange

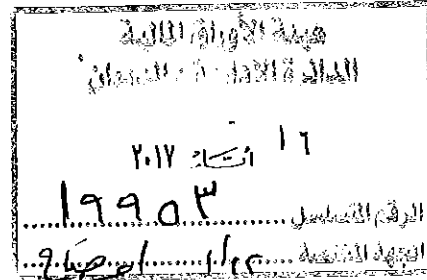
Subject: Quarterly Report as of 31/3/2017

Attached the Quarterly Report of (Almehanyia Real Estate Investments and Housing Co. P.L.C.) as 31/3/2017.

Kindly accept our high appreciation and respect

/Chairman

Eng. Abdullah Obidat



Rima

**Almehanya For Real Estate Investments & Housing Co.  
Public Shareholding Company**

**Condensed Interim Consolidated Financial Statements (Not Audited)  
31 March 2017**

**Arab Professionals**

**(Member firm within of Grant Thornton International Ltd)**

**Almehanya For Real Estate Investments & Housing Co.  
Public Shareholding Company**

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**Report on Review of the condensed Interim Consolidated Financial Statements**

To The Board of Directors  
Almehanya For Real Estate Investments & Housing Co.  
Public Shareholding Company  
Amman - Jordan

**Introduction**

We have reviewed the accompanying condensed interim consolidated financial statements of Almehanya For Real Estate Investments & Housing Co. PLC, comprising the interim consolidated statement of financial position as at 31 March 2017 and the related interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the three months period then ended. Management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Financial Reporting Standard (IAS 34) Interim Financial Reporting. Our responsibility is to express a conclusion on this interim consolidated financial statement based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard (IAS 34) Interim Financial Reporting.

25 April 2017  
Amman - Jordan

  
**Arab Professionals**

Ibrahim Hammoudeh  
(License No. 606)

 **Arab Professionals  
Grant Thornton**

**Almehanya For Real Estate Investments & Housing Co.**  
**Public Shareholding Company**  
**Interim consolidated statement of financial position as at 31 March 2017**

(In Jordanian Dinar)

	31 March 2017	31 December 2016
<b>Assets</b>		
<b>Non - Current Assets</b>		
Investment properties	937,262	937,238
Property and equipment	13,313	15,320
Long term accounts receivable	170,578	213,405
Long term checks under collection	551,361	627,575
<b>Total Non - Current Assets</b>	<u>1,672,514</u>	<u>1,793,538</u>
<b>Current Assets</b>		
Lands held for sale	24,497,298	20,045,427
Properties held for sale	9,893,158	9,964,692
Other current assets	213,928	195,355
Accounts receivable	490,894	728,357
Advance payments to contractors	24,228	48,378
Checks under collection	523,075	561,875
Financial assets at fair value through statement of profit or loss	3,122,597	2,853,177
Deposits at Islamic bank	1,920,852	3,720,852
Cash and cash equivalents	857,235	1,994,498
<b>Total Current Assets</b>	<u>41,543,265</u>	<u>40,112,611</u>
<b>Total Assets</b>	<u><u>43,215,779</u></u>	<u><u>41,906,149</u></u>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Paid - in capital	35,200,000	35,200,000
Statutory reserve	321,696	321,696
Shares owned by subsidiary company	(582,730)	( 582,730)
Retained earnings	1,361,556	1,107,041
<b>Equity attributable to the owners of the company</b>	<u>36,300,522</u>	<u>36,046,007</u>
Non - controlling interests	2,528,676	2,568,440
<b>Total Equity</b>	<u>38,829,198</u>	<u>38,614,447</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Amounts due to shareholders	1,853,264	1,949,184
Provision for sold real estate development	662,958	663,345
Amounts due to related parties	454,262	345,512
Deferred checks	1,083,420	-
Deferred revenues	10,822	16,590
Claims and contractors retentions	29,705	14,266
Other liabilities	292,150	302,805
<b>Total Current Liabilities</b>	<u>4,386,581</u>	<u>3,291,702</u>
<b>Total Equity and Liabilities</b>	<u><u>43,215,779</u></u>	<u><u>41,906,149</u></u>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"

**Almehanya For Real Estate Investments & Housing Co.**  
**Public Shareholding Company**  
**Interim consolidated statement of comprehensive income for the three months ended**  
**at 31 March 2017**

(In Jordanian Dinar)

	31 March 2017	31 March 2016
Properties sales	357,669	786,160
Properties cost of sales	( 246,200)	( 589,375)
Gross profit	111,469	196,785
Real estate rent revenues, net	13,866	8,958
Administrative expenses	( 119,487)	( 93,026)
Marketing expenses	( 11,902)	( 23,179)
Management and maintenance real estate expenses	( 26,291)	( 35,376)
Morabaha income	20,835	27,802
Change in fair value of financial assets at fair value through profit or loss	269,420	( 58,533)
Realized gain from sale of financial assets through profit or loss	-	5,879
Brokerage commission	-	( 956)
Other revenues	1,150	-
Profit before income tax	259,060	28,354
Income tax	( 3,057)	( 22,112)
Comprehensive income for the period	<u>256,003</u>	<u>6,242</u>
Attributable :		
Shareholders of the company	254,515	9,680
Non - controlling interest	<u>1,488</u>	<u>( 3,438)</u>
	<u>256,003</u>	<u>6,242</u>
Basic and diluted earnings per share	<u>0.007</u>	<u>0.001</u>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"

**Alme'hanya For Real Estate Investments & Housing Co.**  
**Public Shareholding Company**

Interim consolidated statement of changes in equity for the three months ended at 31 March 2017

(In Jordanian Dinar)

	Paid - in Capital	Statutory Reserve	Shares Owned By Subsidiary Company	Retained Earnings*	Total Shareholders Equity	Non - Controlling Interests	Total Equity
Balance at 1 January 2017	35,200,000	321,696	( 582,730)	1,107,041	36,046,007	2,568,440	38,614,447
Total comprehensive income for the period	-	-	-	254,515	254,515	1,488	256,003
Non - controlling interest	-	-	-	-	-	( 41,252)	( 41,252)
Balance at 31 March 2017	35,200,000	321,696	( 582,730)	1,361,556	36,300,522	2,528,676	38,829,198
Balance at 1 January 2016	35,200,000	217,312	( 582,730)	1,412,460	36,247,042	2,812,272	39,059,314
Total comprehensive income for the period	-	-	-	9,680	9,680	( 3,438)	6,242
Non - controlling interest	-	-	-	-	-	( 31,250)	( 31,250)
Balance at 31 March 2016	35,200,000	217,312	( 582,730)	1,422,140	36,256,722	2,777,584	39,034,306

\* Retained earnings at 31 March 2017 include unrealized gains relate to changes in fair value of financial assets at fair value through statement of profit or loss amounting to JOD (269/420) which are not allowed to be distributed to shareholders.

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"

**Almehanya For Real Estate Investments & Housing Co.**  
**Public Shareholding Company**  
**Interim consolidated statement of cash flows for the three months ended at 31 March 2017**

(In Jordanian Dinar)

	2016	2015
<b>Operating Activities</b>		
Profit for the period before income tax	259,060	28,354
Depreciation	2,729	8,453
Morabaha Income	( 20,835)	( 27,802)
Changes in fair value of financial assets through profit or loss	( 269,420)	58,533
Provision for development sold real estate	( 387)	( 54,663)
<b>Change in working capital</b>		
Financial assets at fair value through statement of profit or loss	-	171,138
Checks under collection	115,014	( 42,119)
Receivable and other current assets	320,990	76,317
Claims and contractors retentions	15,439	( 7,939)
Advance payments to contractors	24,150	-
Other liabilities	( 13,712)	( 19,909)
Deferred revenues	( 5,768)	( 5,888)
Lands held for sale	( 3,368,451)	( 1,142,092)
Properties held for sale	71,534	193,470
<b>Net Cash Flows Used in Operating Activities</b>	<b>( 2,869,657)</b>	<b>( 764,147)</b>
<b>Investing Activities</b>		
Deposits at Islamic Bank	1,800,000	500,000
Morabaha income	( 38,438)	( 21,622)
Property and equipment	( 746)	-
<b>Net Cash Flows From Investing Activities</b>	<b>1,760,816</b>	<b>478,378</b>
<b>Financing Activities</b>		
Amounts due to related parties	108,750	449,648
Amounts due to shareholders	( 95,920)	( 138,910)
Non - controlling interests	( 41,252)	( 31,250)
<b>Net Cash Flows (Used in) From Financing Activities</b>	<b>( 28,422)</b>	<b>279,488</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>( 1,137,263)</b>	<b>( 6,281)</b>
Cash and Cash Equivalents at Beginning of Year	1,994,498	2,470,707
<b>Cash and Cash Equivalents at End of Period</b>	<b>857,235</b>	<b>2,464,426</b>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"



**Almehanya For Real Estate Investments & Housing Co.**  
**Public Shareholding Company**  
**Notes to the condensed interim consolidated financial statements (Not Audited)**  
**31 March 2017**

(In Jordanian Dinar)

**1. General**

Almehanya for Real Estate Investments & Housing Co. was established as a Public Shareholding Company on 1 February 2007 under registration number (428) and commenced operation on 14 August 2007 in the Hashemite Kingdom of Jordan. The Company's main activities are property investment, real estate development and real estate management, establishing and constructing housing projects.

According the Company code of establishment the Company must follow the Islamic religion rules in all its operations.

The Company shares are listed in Amman Stock Exchange – Jordan.

The condensed interim consolidated financial statements have been approved for issue by the company's Board of Directors on 25 April 2017.

**2. Summary of Significant Accounting Policies**

**Basis of Preparation**

The condensed interim Consolidated financial statements of the company have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2017.

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for the financial assets, which have been measured at fair value.

The condensed interim consolidated financial statements are presented in Jordanian Dinar which is the functional currency of the company.

The accounting policies are consistent with those used in the previous period.

**Principles of Consolidation**

The condensed interim consolidated financial statements comprise of the interim financial statements of the company and its subsidiaries where the company has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from their activities. The financial statements of the subsidiaries are prepared for the same reporting year as the company using consistent accounting policies. All balances, transactions, income, and expenses between the company and its subsidiaries are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the company obtains control, and continue to be consolidated until the date that such control ceases.

The results of operations of the subsidiaries are consolidated in the consolidated statement of profit or loss from the acquisition date which is the date on which control over subsidiaries is transferred to the company. The results of operation of the disposed subsidiaries are consolidated in the statement of comprehensive income to the disposal date which is the date on which the company loses control over the subsidiaries.

**Almehanya For Real Estate Investments & Housing Co. PLC**  
**Notes to the condensed interim consolidated financial statements (Not Audited)**  
**31 March 2017**

The following subsidiaries have been consolidated:

Company	Capital	Ownership	Activity
Sakhaa for multiple investments Co.	15,000	100%	Trading in financial assets
Tal Al Romman for investments and real estate development Co.	15,000	100%	Real estate development
Al Theheba Al Gharbeia for investments and real estate development Co.	15,000	100%	Real estate development
Taamol for investments and real estate development Co.	15,000	100%	Real estate development
Al Beshery for investments and real estate development Co.	15,000	100%	Real estate development
Al Tawator for investments and real estate development Co.	15,000	100%	Real estate development
Daheyat Al Beshery for housing Co.	10,000	75%	Real estate development
Daheyat Tabarbor for housing Co.	10,000	75%	Real estate development
Al Marhafaia for investment property	5,000	100%	Real estate development

#### Use of Estimates

The preparation of the condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, expenses and the provisions. 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.

Management believes that these estimates are reasonable and are as follows:

- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the interim consolidated statement of comprehensive income.
- Management reviews periodically its financial assets, which presented at cost to estimate any impairment in its value, and an impairment of loss (if founded) is accrued in the interim consolidated statement of comprehensive income.
- An the estimate of collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable for individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

#### Projects under Construction and Lands, Properties held for sale

Lands and properties being developed which are held for sale are presented by the lower of cost or net realizable value. The cost includes the value of the property and all the necessary expenses for developing and making the lands available for sale.

### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. 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 interim consolidated statement of comprehensive income.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on a straight-line basis using the following annual depreciation rates:

Furniture and fixtures	10%	Vehicles	15%
Office equipment	15%	Decorations	20%
Electrical equipment	25%	Projects equipment	25%
Computers	20-25%		

### Investment Property

Property held to earn rentals or for capital appreciation purposes as well as those held for undetermined future use are classified as investment property. Investment property is measured at cost less any accumulated depreciation and any accumulated impairment losses. The cost of constructed property includes the cost of material and any other costs directly attributed to bringing the property to a working condition for its intended use. Borrowing costs that are directly attributed to acquisition and construction of a property are included in the cost of that property.

Depreciation is charged on a straight-line basis at annual rate of (2%). 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 these assets.

### Trade Receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

### Financial Assets at Fair Value through Statement of Profit or Loss

It is the financial assets held by the company for the purpose of trading in the near future and achieving gains from the fluctuations in market prices in the short term or trading margins.

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded at the interim consolidated statement of profit or loss upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the interim consolidated statement of profit or loss including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the interim consolidated statement of profit or loss.

Dividends and interests from these financial assets are recorded in the interim consolidated statement of profit or loss.

### Trading and settlement date accounting

Purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits its self to purchase or sell the asset.

#### **Fair Value**

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the interim consolidated statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

#### **Cash and Cash Equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flows statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks.

#### **Payables and Accrued Expenses**

Accounts payable and accrued expenses are recognized when goods are received and services are performed.

#### **Provisions**

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

#### **Offsetting**

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

#### **Revenue**

Lands and properties sales revenue is recognized when risk and reward related to the lands or properties ownership transfers to the buyer.

Morabaha is recognized on a time proportion basis that reflects the effective yield on the assets.

Dividends are recognized when the Company right to receive payment is established.

Rental income is recognized in accordance with the terms of rent contract over the rent term on straight – line basis.

Other revenues are recognized on accrual basis.

#### **Foreign Currency**

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the interim consolidated statement of comprehensive income.

#### **Income tax**

Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the condensed interim consolidated financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Company operates.

### 3. Tax Status

- The company has settled its tax liability with Income Tax Department up to the year ended 2011.
- The income tax returns for the years (2012 - 2016) have been filed with the Income Tax Department but the Department has not reviewed the company's records till the date of this report.
- The income tax provision for the three months ended 31 March 2017 was calculated in accordance with the Income Tax Law.

### 4. Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, deposits at bank, checks under collection, advances payments to contractors, receivable and securities. Financial liabilities of the Company include claims and contractor's retention, deferred revenues, deferred checks, amounts due to related parties and amounts due to shareholders.

#### Fair Value

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

31 March 2017	Level 1	Level 2	Level 3	Total
Financial assets at fair value through statement of profit or loss	3,121,023	-	1,574	3,122,597
31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets at fair value through statement of profit or loss	2,851,603	-	1,574	2,853,177

Financial assets included in level 3 are stated at cost less impairment charges, as the fair value of these assets cannot be measured reliably due to the lack of available active markets for identical assets.

#### Credit Risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the company. The company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the company's income or the value of its holdings of financial instruments. As most of the company's financial instruments have fixed interest rate and carried at amortized cost, the sensitivity of the company's results or equity to movements in interest rates is not considered significant.

#### Currency Risk

The management considers that the company is not exposed to significant currency risk. The majority of their transactions and balances are in either Jordanian Dinar or US Dollar. As the Jordanian Dinar is pegged to the US Dollar, balances in US Dollar are not considered to represent significant currency risk and the company's results or equity to movements in exchange rates is not considered significant.

#### Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its net financial obligation. In this respect, the company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, and cash equivalents and quoted securities.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the financial position date to the contractual maturity date.

31 March 2017	Less than one year	More than one year	Total
Amounts due to shareholders	1,853,264	-	1,853,264
Provision for sold real estate development	662,958	-	662,958
Amounts due to related parties	454,262	-	454,262
Deferred checks	1,083,420	-	1,083,420
Deferred revenues	10,822	-	10,822
Claims and contractors retention	29,705	-	29,705
Other liabilities	292,150	-	292,150
<b>Total Current Liabilities</b>	<b>4,386,581</b>	<b>-</b>	<b>4,386,581</b>
31 December 2016	Less than one year	More than one year	Total
Amounts due to shareholders	1,949,184	-	1,949,184
Provision for sold real estate development	663,345	-	663,345
Amounts due to related parties	345,512	-	345,512
Deferred revenues	16,590	-	16,590
Claims and contractors retention	14,266	-	14,266
Other liabilities	302,805	-	302,805
<b>Total Current Liabilities</b>	<b>3,291,702</b>	<b>-</b>	<b>3,291,702</b>

**Equity Price Risk**

Equity price risk results from the change in the fair value of equity securities. The company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the comprehensive income for the period would have been reduced / increased by JOD (312,102) for the three months ended at 31 March 2017 (JOD 285,160 for 2016).

**5. Capital Management**

The company manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders by keeping a balance between shareholders equity and total debt.