الأردن
ديكابولس للأملاك

اشارتنا : ا ع – م ث / ٢٠١٨/٩٠
التاريخ :٢٦ اذار ٢٠١٨

السادة هيئة الاوراق المالية المحترمين ،،،

تحية طيبة وبعد،

نرفق طيه تقرير مجلس الادارة الثامن عشر لسنة ٢٠١٧ والبيانات المالية الموحدة والمدققة لشركة الاردن ديكابولس للاملاك لسنة ٢٠١٧ .

شاكرين لكم حسن تعاونكم ،

وتفضلوا بقبول فائق الاحترام،،،

نائب رئيس مجلس الادارة
المدير العام
وليد الجمل

هيئة الاوراق المالية
الدائرة الادارية / الديوان
٢٩ آذار ٢٠١٨
الرقم المتسلسل ٢٥٥٢
رقم الملف ٢٠٤١ .... ٢

الأردن ديكابولس للأملاك
هاتف: ٦٥٦٧٠٧٤٤ ٦ ٩٦٢+
فاكس: ٦٥٦٩٩٥١٣ ٦ ٩٦٢+
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ص.ب ٩٥٠٦٦٨ عمان ١١١٩٥ الأردن
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JORDAN DECAPOLIS PROPERTIES COMPANY
AND IT'S SUBSIDIARIES (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

JORDAN DECAPOLIS PROPERTIES COMPANY
AND IT'S SUBSIDIARIES (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

FOR THE YEAR ENDED DECEMBER 31, 2017

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Independent Auditor's Report on the Consolidated Financial Statements

To the General Assembly of
Jordan Decapolis Properties Company
And its subsidiaries (the Group)
(Public Shareholding Company)
Amman – Jordan

Qualified Opinion

We have audited the consolidated financial statements of **Jordan Decapolis Properties Company - Public Shareholding Company - and its subsidiaries ("the Group")** which comprise of the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of profit or loss and other comprehensive income, consolidated changes in Shareholder's equity and consolidated cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in basis for qualified opinion paragraphs below, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of **the Group** as of December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for qualified opinion

1. The discontinued operations assets and related liabilities as disclosed in note (26) are attributable to Muniah for Specialized Tourism Company (Dibbin Area Project), which is currently under voluntary liquidation. We have not obtained sufficient and appropriate audit evidence about this project, as the entire project documentation is with the Company's liquidator, accordingly we were unable to determine whether any necessary adjustments are required to the accompanying consolidated financial statements related to this matter.
2. We have not been provided with Safwa Islamic Bank confirmation of balances related to Jordan Dubai Company for Land Development (Subsidiary Company) as of December 31, 2017 and Capital Bank confirmation of balances related to Al-Nisr International Investment Group Company (Subsidiary Company) as of December 31, 2017, also we were unable to obtain sufficient and appropriate audit evidence through alternative audit procedures related to these Bank balances and other related accounts, accordingly, we were unable to determine whether any necessary adjustments are required to the accompanying consolidated financial statements related to this matter.
3. The Group's management has requested confirmation letters from the Group's lawyers for the year ended December, 31 2017. We have not received a reply from one of the Group's lawyers as of December 31, 2017 up to the date of this report, and we have not been able to obtain sufficient and appropriate audit evidence through any alternative audit procedures against any liabilities that may arise on the Group, accordingly we were unable to determine whether any necessary adjustments are required to the accompanying consolidated financial statements related to this matter.
4. As mentioned in note (10), investment in associate represents the Group's share in Madaen Al Shorouq Investment and real estate development Company by 30.3%, where the investment balance amounted to JOD 4,481,262 as of December 31 2017 in addition to due account receivable balance note (14) amounted to JOD 532,000 as of December 31, 2017, we have not been provided with the audited financial statements of the associate Company as of December 31, 2017, knowing that the unaudited financial statements for this Company indicates an impairment by the amount of JOD 1,1 million, accordingly we were unable to determine whether any necessary adjustments are required to the accompanying consolidated financial statements.

5. As mentioned in note (7), Projects Under Construction caption of the financial statements includes capitalized loan interest on Al-Abdali project amounted to JOD 368,488, which was capitalized during the year instead being recorded on the consolidated statement of profit or loss and other comprehensive income. Knowing that the accumulated capitalized interest over this project since the project was ceased has reached JOD 1,087,297 as of December 31, 2017. The International Financial Reporting Standards state that once the work on projects in progress is ceased, interest expense related to financing the projects should not be capitalized as part of its cost. This led to a reduction in the losses for the year by the amount of JOD 368,488, the accumulated losses reduction by the amount of JOD 1,087,297 and the increase in the project under construction by the same amount. Noting that this project is mortgaged for a local bank against a reducing loan for the purpose of financing the completion of this project, knowing that part of the loan installments are due during the year 2017 and the Group did not pay the due installments or make any re-scheduling for the due amounts. Therefore, we were unable to determine if the Company could keep the project. Accordingly, we were unable to determine the related impact over the consolidated financial statements, the possibility of the project amount recoverability depends on the completion of this project, its operations success, its profitability, liquidity availability and settlement of the loan mentioned above.

6. As mentioned in note (8) Investment properties includes investments in lands and properties related to the Company and its subsidiaries, the management has not provided us with a recent and comprehensive study for part of these lands and properties to ensure whether there is any impairment in its value, in addition to that we have not been provided with an updated registration certificates for part of these lands and properties, knowing that impairment indications exists for part of these lands and properties. Therefore, we have not been able to obtain assurance on whether any impairment provisions should be recorded on the value of these lands and properties, fair value adjustments and related goodwill if any. Accordingly, we were unable to determine whether any necessary adjustments are required to the accompanying consolidated financial statements.

7. As mentioned in note (11) financial assets at fair value through other comprehensive income represents shares investment in Saraya Aqaba for Real Estate Development Company amounted to JOD 3,503,711 as of December 31, 2017 and December 31, 2016. The audited financial statements of Saraya Aqaba for Real Estate Development Company which has been provided to us as of December 31, 2016 shows a negative change in the fair value of this investment amounted to JOD 2,395,911, the Group has not recorded this change in other comprehensive income which is not in accordance with International Financial Reporting Standards. And we have not been provided with the related audited financial statements for the year ended December 31, 2017. Accordingly, we have not been able to determine whether any further impairment to this investment is required according to Saraya Aqaba Real Estate Development Company financial statements as of December 31, 2016.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in accordance with International Ethics Standards Board for Accountants Code of Ethics, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other matters

- As mentioned in Note (16) to the consolidated financial statements, Al-Nisr International Investment Group Company and Ehyaa Amman for properties rehabilitation and development Company (Subsidiaries) have purchased 214,871 shares in Jordan Decapolis Properties Company (Parent Company) amounted to JD 273,458 as of December 31, 2017 which is not in compliance with Jordanian Companies Law Article 204 /C and Jordan Securities Commission instructions.

- The financial statements of the Group for the year ended December 31, 2016 were audited by another auditor who issued his qualified audit opinion dated March 30, 2017 on the capitalized interest over the discontinued operations assets, capitalized interest over the projects under construction, projects under construction suspension and related impairment indications, no impairment study and the absence of audited financial statements for the associate company, And the fact that management has not performed a study of impairment over the investments in associates and un-recording of change in fair value of financial assets at fair value through other comprehensive income.

Key Audit Matters

The key audit matters in accordance with our professional judgment are those that are most important in our audit of the consolidated financial statements for the current year. These matters have been considered in the context of our audit of the consolidated financial statements as a whole and our opinion on these consolidated financial statements, and not for the purpose of expressing a separate opinion on these matters. The description of the key audit matters is described below:

1. Valuation of discontinued operations assets and its related liabilities as mentioned in the basis for qualified opinion paragraph (1).
2. Valuation, classification and recoverable amount determination of the investment in associate related due from related party balance as mentioned in the basis for qualified opinion paragraph (4).
3. Determining the fair value of the financial assets at fair value through other comprehensive income as stated in the basis for qualified opinion paragraph (7).
4. Determination of the recoverable amount of lands under development, projects under construction, investment properties and goodwill, except for what is mentioned in the basis for qualified opinion paragraphs (5) and (6).

Description of the key audit matter	***How the matter was addressed in our audit***
The Group owns lands under development, projects under construction, Investment properties, and intangible assets with carrying amount of JOD 56,988,602 as of December 31, 2017 which represents 57 % of the Group's total assets comparing to JOD 56,730,946 which represents 56 % of the Group's total assets as of December 31, 2016. In accordance with the requirements of IFRS, the Group should determine the net realizable value (NRV) of these assets and the expected amount of its capital commitments and to assess impairment (if any), in addition to the determination of the NRV at the selling price expected in the normal course of business less the expected selling costs, such matters require a significant judgments and estimates from the management to determine the NRV / impairment, as the Company exercises judgment and estimates over the inputs used to determine the NRV / impairment including the valuation from real estate valuators and the discounting of future cash flows. Accordingly, the determination of the NRV / impairment of these assets by management is considered a key audit matter. The accounting policies and critical judgments relative to the lands under development, projects under construction, Investment properties, and intangible assets are summarized in Notes 2, 3, 7, 8, and 9 to the consolidated financial statements.	Our audit procedures included the assessment of the Group's internal controls for the method used to determine the NRV of the lands under development, projects under construction, Investment properties, and intangible assets to the carrying amount to identify impairment (if any), in addition to the assessment of the estimates used by management to determine the NRV/ impairment over the lands under development, projects under construction, Investment properties, and intangible assets. We have compared these estimates with the requirements of IFRS and discussed with management based on the available information. Furthermore, our audit procedures include the assessment of the methodology used, the acceptability of the measurement models and the observable inputs to determine the NRV / impairment of the lands under development, projects under construction, Investment properties, and intangible assets. Review the relevancy of the key inputs used through the review of the discounted future cash flow, the valuations provided by the real estate's valuators and other inputs reviewed, we also assessed the sufficiency of the important estimates disclosures.

5. Revenue recognition

Description of the key audit matter	***How the matter was addressed in our audit***
Revenue recognition has been considered as a key audit matter due to the risk of errors in the revenues recording and recognizing. The Group focuses on revenues as a key indicator of its performance. The revenue disclosures are set out in Notes 2, 3 and 21 to the consolidated financial statements.	Our audit procedures includes the assessment of the Group's accounting policies and internal procedures for the revenue recognizing in accordance with the IFRS. We also reviewed the Group's procedures used to ensure the completion of the revenue recognition elements and the full transfer of the Group's ownership to external parties in accordance with the sales contracts, the completion of all rental contractual procedures between all parties and rendered services. We also assessed the adequacy of the policies and procedures prepared and adopted by the Group's management.

Other Information

Management is responsible for the other information. The other information does not include the consolidated financial statements and our auditors' report on the consolidated financial statements.

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 were not provided with the annual report of the group or any other information as it relates to this paragraph until the date of this report.

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 IFRS, 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.

Auditors' 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 our audit report that includes our opinion on the consolidated financial statements.

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 aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

KPMG

- 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 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 audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, we will modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements of the Group.
- We communicate with those charged with governance regarding, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determined 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 audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Group maintains proper accounting records. The accompanying consolidated financial statements are, in all material aspects, in agreement with the Group's accounting records, and we recommend that the Group's General Assembly approves these consolidated financial statements after taking into consideration the basis for qualified opinion paragraphs and above other matter paragraphs.

*This audit report on the consolidated financial statements is a translated version of the original audit report on the consolidated financial statements issued in Arabic, in case of a discrepancy, the Arabic original will prevail.

KPMG Kawasmy and Partners

Hatem Kawasmy
License no. (656)

Amman - Jordan
March 29, 2018

KPMG
Kawasmy & Partners Co.

JORDAN DECAPOLIS PROPERTIES COMPANY
AND IT'S SUBSIDIARIES (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As of December 31,	
Jordanian Dinar	**Note**	**2017**	**2016**
Assets			
Non-current assets			
Property and equipment	6	89,717	133,443
Lands under development and Projects under construction	7	32,232,073	32,010,953
Investment properties	8	22,438,044	22,401,508
Intangible assets	9	2,318,485	2,318,485
Investment in associate	10	4,481,262	4,518,050
Financial assets at fair value through other comprehensive income	11	3,503,711	3,503,711
Total non-current assets		**65,063,292**	**64,886,150**
Current assets			
Accounts receivable	12	264,032	381,391
Other debit balances	13	200,100	262,256
Due from a related party	14	532,000	602,000
Cash and cash equivalents	15	1,075,616	1,488,278
Discontinued operations assets	26	33,327,309	33,327,309
Total current assets		**35,399,057**	**36,061,234**
Total assets		**100,462,349**	**100,947,384**
Shareholder's equity			
Equity attributable to the Company's Shareholders			
Paid-up capital	1	46,967,755	46,967,755
Statutory reserve		1,050,834	1,050,170
Treasury shares	16	(273,458)	(273,458)
Accumulated losses		(1,780,024)	(1,070,346)
Net equity attributable to the Company's Shareholders		**45,965,107**	**46,674,121**
Non-controlling interests		19,472,704	19,584,322
Total equity		**65,437,811**	**66,258,443**
Liabilities			
Non-current liabilities			
Long term loans	19	-	1,835,798
Total non-current liabilities		**-**	**1,835,798**
Current liabilities			
Accounts payable	17	675,769	681,184
Other credit balances	18	1,096,383	744,087
Due loans installments	19	3,671,319	1,835,798
Unearned revenues		123,939	134,946
Discontinued operations liabilities	26	29,457,128	29,457,128
Total current liabilities		**35,024,538**	**32,853,143**
Total liabilities		**35,024,538**	**34,688,941**
Total shareholders' equity and liabilities		**100,462,349**	**100,947,384**

The accompanying notes on pages from (10) to (37) are integral parts of these consolidated financial statements.
The consolidated financial statements on pages form (6) to (37) were approved by Board of Directors on its meeting held on March 27, 2018 and approved by:

Chairman of board of Directors **Chief Executive Officer** **Chief Financial Officer**

JORDAN DECAPOLIS PROPERTIES COMPANY
AND IT'S SUBSIDIARIES (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended December 31,	
Jordanian Dinar	**Note**	**2017**	**2016**
Continuing operations			
Revenues from properties lease	21	362,069	457,556
Properties and projects management fees		81,563	83,334
Revenues from properties sales		-	1,600,000
		443,632	**2,140,890**
Properties operating expenses	22	(299,885)	(447,234)
Properties and projects management cost		(85,218)	(89,224)
Cost of properties sold		-	(964,720)
		(385,103)	**(1,501,178)**
Gross Profit		**58,529**	**639,712**
Administrative expenses	23	(490,868)	(509,563)
Depreciation and Amortization	6,8	(276,000)	(284,240)
Provision for doubtful debts	12	(142,981)	(130,753)
Group's share from associate losses	10	(36,788)	(35,830)
Other revenues		115,258	26,010
Results from operating activities		**(772,850)**	**(294,664)**
Interest revenue		32,857	37,858
Finance cost		-	(29,410)
Interest revenue-net		**32,857**	**8,448**
Loss for the year before income tax		**(739,993)**	**(286,216)**
Income tax expense for the year	20	(1,400)	(3,644)
Total (loss) for the year from continuing operations		**(741,393)**	**(289,860)**
Other comprehensive income items		-	-
Total comprehensive income for the year from continuing operations		**(741,393)**	**(289,860)**
Discontinued operations			
Loss for the year from discontinued operations	26	-	(11,652)
Loss and comprehensive income for the year		**(741,393)**	**(301,512)**
Attributable to:			
Company's Shareholders		(709,014)	(431,411)
Non-controlling interests		(32,379)	129,899
		(741,393)	**(301,512)**
Basic and Diluted Earnings per share from loss for the year attributable to the Group shareholder's	**24**	**(0/015)**	**(0/009)**

The accompanying notes on pages from (10) to (37) are integral parts of these consolidated financial statements.
The consolidated financial statements on pages form (6) to (37) were approved by Board of Directors on its meeting held on March 27, 2018 and approved by:

Chairman of board of Directors **Chief Executive Officer** **Chief Financial Officer**

JORDAN DECAPOLIS PROPERTIES COMPANY
AND IT'S SUBSIDIARIES (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Jordanian Dinar	Paid up Capital	Statutory Reserve	Treasury stocks	Accumulated losses *	Total	Non-controlling interests	Total shareholder's equity
As of December 31,2017							
Balance at January 1, 2017	46,967,755	1,050,170	(273,458)	(1,070,346)	46,674,121	19,584,322	66,258,443
Total comprehensive loss for the year	-	-	-	(709,014)	(709,014)	(32,379)	(741,393)
Transferred to statutory reserve	-	664	-	(664)	-	-	-
Dividend (Note 27)	-	-	-	-	-	(79,239)	(79,239)
Balance as of December 31, 2017	**46,967,755**	**1,050,834**	**(273,458)**	**(1,780,024)**	**45,965,107**	**19,472,704**	**65,437,811**
As of December 31, 2016							
Balance at January 1, 2016	46,967,755	1,035,062	(273,458)	(623,827)	47,105,532	19,454,423	66,559,955
Total comprehensive loss for the year	-	-	-	(431,411)	(431,411)	129,899	(301,512)
Transferred to statutory reserve	-	15,108	-	(15,108)	-	-	-
Balance as of December 31, 2016	**46,967,755**	**1,050,170**	**(273,458)**	**(1,070,346)**	**46,674,121**	**19,584,322**	**66,258,443**

* According to the Jordanian Securities Commission instructions the negative value of the cumulative change in fair value in the retained earnings is Prohibited from distribution to shareholders.

The accompanying notes on pages from (10) to (37) are integral parts of these consolidated financial statements.
The consolidated financial statements on pages form (6) to (37) were approved by Board of Directors on its meeting held on March 27, 2018 and approved by:

Chairman of board of Directors **Chief Executive Officer** **Chief Financial Officer**

JORDAN DECAPOLIS PROPERTIES COMPANY
AND IT'S SUBSIDIARIES (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF CASH FLOW

		For the year ended December 31,	
Jordanian Dinar	**Note**	**2017**	**2016**
Cash flows from operating activities:			
Loss for the year before income tax from continuing operations		(739,993)	(286,216)
Loss for the year before income tax from discontinued operations		-	(11,652)
Adjustments:			
Depreciation and Amortization	6,8	276,000	284,240
Gain from sale of investments properties		-	(635,280)
Provision for doubtful debts	12	142,981	130,753
Group's share from associate loss	10	36,788	35,830
Finance cost		-	29,410
Bank interest revenue		(32,857)	(37,858)
		(317,081)	**490,773**
Changes in:			
Trade receivable and other debit balances		36,534	13,068
Due from a related party		70,000	-
Accrued, Payables and other credit balances		86,583	20,899
Unearned revenues		(11,007)	(27,926)
Cash flows used in operating activities		**(134,971)**	**(484,732)**
Income tax paid		(4,103)	(11,596)
Net cash flows used in operating activities		**(139,074)**	**(496,328)**
Cash flows from investing activities:			
Proceeds from sale of property and equipment		-	2,968
Acquisition of property and equipment		(760)	(430)
Payments to contractors and Projects under construction		(221,120)	(67,536)
Proceeds from sale of investment properties		-	1,600,000
Bank interest revenues received		32,857	37,858
Net cash flows (used in) from investing activities		**(189,023)**	**1,572,860**
Cash flows from financing activities:			
Bank loans		(277)	(1,917,899)
Dividends paid		(79,239)	-
Bank interest paid		-	(364,853)
Accounts payable		(5,415)	(2,457,000)
Net cash flows used in financing activities		**(84,931)**	**(4,739,752)**
Net Decrease in cash and cash equivalents		(413,028)	(3,663,220)
Cash and cash equivalents at the beginning of the year		1,488,644	5,151,864
Cash and cash equivalents at the end of the year	**15**	**1,075,616**	**1,488,644**

The accompanying notes on pages from (10) to (37) are integral parts of these consolidated financial statements.

The consolidated financial statements on pages form (6) to (37) were approved by Board of Directors on its meeting held on March 27, 2018 and approved by:

Chairman of board of Directors **Chief Executive Officer** **Chief Financial Officer**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) GENERAL

On May 16, 2000, the merger of Real Estate Investment Company (Aqarco) and the Central Trading Company was approved And the Company recorded the result of the merger in the register of public shareholding companies under No. (169) on behalf of the real estate investment Company "Aqarco" and decided to consider the merger from January 1, 2000 for the purposes of Preparation of consolidated financial statements.

The General Assembly has approved in its extraordinary meeting held on April 3, 2008, to change the name of the Company to become Jordan Dubai Properties Company Instead of Real Estate Investment Trading Company (Aqarco). Also, during the year 2012, However the Company's name was changed from Jordan Dubai Properties Company to Jordan Decapolis Properties Company.

The main objectives of the Company are:

- Acquiring plots of land.
- Real estate projects Investment.
- General trading, leasing stores for cooling and storage.
- Real estate project management.

The activities of the Company have been amended during 2008 to include the establishment of different types of Companies and acquiring shares and stocks in the standing Companies.

The principal activities of the subsidiaries, are leasing, managing and establishment of real estate projects, in addition to investing in touristic projects.

The Company's headquarter is located in Al-Abdali Amman – Jordan.

The consolidated financial statements for the year ended December 31, 2017 were approved by the Board of Directors on its meeting held on March 27, 2018 and still subject to the Group's General Assembly approval.

2) Basis Of Preparation of the Consolidated Financial Statements

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with international financial reporting standards.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the financial assets at the fair value through other comprehensive income measured at fair value, and financial assets and liabilities that are presented at amortized cost.

(c) Functional and presentation currency

The consolidated financial statements are presented in Jordanian Dinar, which is the Group's functional currency.

(d) Basis of financial statements consolidation

- The consolidated financial statements comprise of the financial statements of Jordan Decapolis Properties Company (the "Parent Company") and its subsidiaries together referred to (the "Group"), which subject to its control. Subsidiaries are entities controlled by the Group. The Group controls subsidiaries when it is exposed, or has rights to, variable returns from its involvement with the Company and has the ability to affect those returns through its power over the Company. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which controls commences until the date on which control ceases.

The Company owns the following subsidiaries as of December 31, 2017:

Company name	**Main activity**	**Ownership Percentage**		**Actual Ownership Percentage**	
		2017	**2016**	**2017**	**2016**
Ahyaa Amman for Real Estate Rehabilitation and Development Company and its subsidiaries:	Tourism Investment	62,89%	62,89%	62,89%	62,89%
- Ahyaa Amman for Hotel Investments Company	Tourism Investment	100%	100%	62,89%	62,89%
- Ahyaa Al-Asimah for Tourism Investments Company	Tourism Investment	100%	100%	62,89%	62,89%
- Ahyaa Al-Asimah for Real Estate Investments Company	Properties Investment	100%	100%	62,89%	62,89%
- Ahyaa Al-Asimah for Specialized Investments Company	Tourism Investment	100%	100%	62,89%	62,89%
Jordan Dubai Properties Company for Lands Development	Property	100%	100%	100%	100%
Al-Niser International Investment Group	Property	100%	100%	100%	100%
Jordan Eye for Tourism Resorts Company and its subsidiaries:	Tourism Investment	100%	100%	100%	100%
- Aman Jordan Decapolis for Tourism Investments Company	Tourism Investment	100%	100%	100%	100%
- Muniah for Specialized Resorts Company*	Tourism Investment	74%	74%	74%	74%
- Jordan Dubai Specialized Resorts Company	Tourism Investment	73%	73%	73%	73%
- South of The Dead Sea Development for Specialized Resorts Company	Tourism Investment	70%	70%	51,1%	51,1%

* As mentioned in Note (26), the Board of Directors of Muniah for Specialized Resorts Company decided in its meeting held on March 29, 2016 to liquidate the Company, accordingly the Company's assets and liabilities were re-classified as discontinued operations in accordance with IFRS 5.

The following table shows the financial position and financial performance of the subsidiaries as of December 31:

	December 31, 2017			
Jordanian Dinar	**Total Assets**	**Total Liabilities**	**Total Operating Revenue**	**(Loss) Profit for the year**
Ahyaa Amman for Real Estate Rehabilitation and Development Company and its subsidiaries	11,033,337	187,613	172,969	(82,817)
- Ahyaa Amman for Hotel Investments Company	806,290	772,231	2,800	(1,024)
- Ahyaa Al-Asimah for Tourism Investments Company	39,265	1,031	-	(2,456)
- Ahyaa Al-Asimah for Real Estate Investments Company	39,572	1,031	-	(2,549)
- Ahyaa Al-Asimah for Specialized Investments Company	39,572	1,031	-	(2,549)
- Jordan Dubai Properties Company for Lands Development	14,096,349	14,184,507	-	(62,261)
- Al-Niser International Investment Group	2,364,560	2,144,867	155,443	(40,666)
Jordan Eye for Tourism Resorts Company and its subsidiaries:	9,594,330	9,336,573	-	207,541
- Aman Jordan Decapolis for Tourism Investments Company	44,321	2,631	-	(2,451)
- Jordan Dubai Specialized Resorts Company	11,998,803	11,902,381	-	5,311
- South of The Dead Sea Development for Specialized Resorts Company	18,952,388	31,481	-	289

	December 31, 2016			
Jordanian Dinar	**Total Assets**	**Total Liabilities**	**Total Operating Revenue**	**Profit (Loss) for the year**
Ahyaa Amman for Real Estate Rehabilitation and Development Company and its subsidiaries:	11,106,069	197,966	1,851,155	132,860
- Ahyaa Amman for Hotel Investments Company	807,014	771,931	2,400	(85)
- Ahyaa Al-Asimah for Tourism Investments Company	41,823	1,043	-	(8)
- Ahyaa Al-Asimah for Real Estate Investments Company	42,133	1,043	-	(12)
- Ahyaa Al-Asimah for Specialized Investments Company	42,134	1,043	-	-
Jordan Dubai Properties Company for Lands Development	13,718,990	13,824,073	-	(77,030)
- Al-Niser International Investment Group	2,505,064	2,227,783	160,436	(152,062)
Jordan Eye for Tourism Resorts Company and its subsidiaries:	9,411,978	9,361,760	-	(9,550)
- Aman Jordan Decapolis for Tourism Investments Company	46,322	2,181	-	(3,039)
- Jordan Dubai Specialized Resorts Company	12,291,488	6,175	-	14,577
- South of The Dead Sea Development for Specialized Resorts Company	18,954,720	34,103	-	(4,132)

The subsidiaries operations results are consolidated in the statement of Profit or Loss and other comprehensive income as of the date of its acquisition and from the date that control commences over the subsidiary.

The investor obtain control over the investee when the investor is exposure, or rights, to variable returns to the investor from its involvement with the investee and the ability of the investor to has an influence over the investee to affect the amount of the investee and its returns.

Thus, the principle of control sets out the following three elements of control:

1- Power of the investor over the investee;
2- Exposure, or rights, to variable returns or the investor from its involvement with the investee; and
3- The ability of the investor to use influence over the investee to affect the amount of the investee and its returns.

The Parent Company should reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three above mentioned elements.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Any gain on bargain purchases is recognized in the statement of profit or loss and other comprehensive income. Any additional transactions costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognized in consolidated statement of profit or loss and other comprehensive income.

Any contingent consideration payable is measured at fair value at the acquisition date if the contingent consideration was classified as equity. As a result, any transactions are treated through equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in consolidated statement of profit or loss and other comprehensive income.

Non-controlling interest are measured at their proportionate share of the acquirer's identifiable net assets at the acquisition date. Balances, transactions and unrealized profits and expenses resulted from transactions within the group are eliminated when preparing these condensed consolidated interim financial information.

Non-controlling interest are measured at their proportionate share of the acquirer's identifiable net assets at the acquisition date.

On loss of control, the parent-subsidiary relationship ceases to exist. The parent no longer controls the subsidiary's individual assets and liabilities. Therefore, the parent Company:

1- Derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position.
2- Recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs.
3- Recognizes the gain or loss associated with the non-controlling interest.

Consolidated financial statements are prepared for the subsidiaries to the same financial year of the parent Company and using the same accounting policies adopted by the parent company. If one subsidiary use accounting policies other than those adopted in the consolidated financial statements for similar transactions and events in similar circumstances, appropriate adjustments are made to that Group subsidiaries' financial statements, in preparing the consolidated financial statements to ensure conformity with the International Financial Reporting Standards.

Balances, transactions and unrealized profits and expenses resulted from transactions within the group are eliminated when preparing these consolidated financial statement.

(e) Use of Judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

In particular, information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements.

- Management periodically reassesses the economic useful lives of tangible assets and intangible assets based on the general condition of these assets and the expectation for their useful economic lives in the future.
- Management frequently reviews the lawsuits raised against the company based on a legal study prepared by the company's legal advisors. This study highlights potential risks that the Group may incurred in the future.
- A provision for doubtful debts is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRS).
- Management estimated the recoverable amount of the other financial assets to determine whether there was any impairment in its value.
- Management estimates the provision for income tax in accordance with the prevailing laws and regulations.

Fair value measurement:

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:

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

The asset or liability measured at fair value might be either of the following:

A- A stand-alone asset or liability; or
B- A group of assets, a group of liabilities or a group of assets and liabilities (e.g. a cash generating unit or a business). A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3) SIGNIFICANT ACCOUNTING POLICIES

The group had implemented an early adoption of IFRS 9 – the first phase of the measurement and classification of financial assets in the preparation of the consolidated financial statements for the year ended January 1, 2011 based on the instruction of Jordan securities commission, noted that its mandatory application on January 1, 2018.

The accounting policies applied by the Group in these consolidated financial statements for the year ended December 31, 2017 are the same as those applied by the Group in its consolidated financial statements for the year ended December 31, 2016, except for the following International Financial Reporting Standards amendments and improvements that become effective after January 1, 2017:

New requirements currently applicable:

- Amendments on IAS (7): Disclosure Initiative
- Amendments on IAS (12): Recognition of Deferred Tax Assets for Unrealized Losses
- Amendments on IFRS (12): Ownership of other firms disclosure: Annual Improvements to IFRSs 2014 –2016 Cycle.

The application of these amended standards did not have a significant effect on the Group’s consolidated financial statements. The following are the significant accounting policies adopted by the Group:

a) Financial instruments

Financial assets and liabilities at amortized cost

Financial assets are held within the Group in order to collect contractual cash flows, which represent payments of principal and interest on the principal amount outstanding.

When purchasing these assets they are recognized at cost plus acquisition costs, where premium / discount are amortized using the effective interest method, recording or to the interest account, where any provisions resulted from the impairment in its amount leads to the inability to recover the principal or part of it are deducted any impairment in its amount to be recognized at the consolidated statement of profit or loss and other comprehensive income.
The impairment amount in the value of these assets represents the difference between the value recorded at the books and the present value of the expected discounted cash flows at the original effective interest rate.

Financial assets should not be reclassified from / to this item except in specified cases by the International Financial Reporting Standards. In case of sale of any of these assets before its due date where the sales result should be recorded at the consolidated statement of profit or loss in a separate line and to be disclosed in accordance to the international financial reporting standards requirements.

If any of these assets are sold before their due date, the result of the sale is recognized at the consolidated statement of profit or loss and other comprehensive income in a separate item and disclosed in accordance with the requirements of the International Financial Reporting Standards.

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.
Receivables comprise due from a related party and other debit balances and cash and cash equivalents.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Non-derivative financial liabilities
The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs.

Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise accounts payables and other credit balances.

Financial assets at fair value through other comprehensive income

- These assets represent investments in equity instruments with the intention to keep them as a long term investments.
- When purchasing these assets they are recognized at fair value including acquisition expenses then to be re-evaluated later at fair value, where changes in the fair value appears in the consolidated statement of profit or loss and other comprehensive income and owners' equity including the change in fair value resulting from the differences in conversion of non-monetary assets items in foreign currencies in case of selling such assets or part thereof profits or losses to be recorded in the consolidated statement of profit or loss and other comprehensive income and owners' equity where the valuation reserve balance of the sold assets should be directly transferred to the retained earnings and losses and not through the consolidated statement of profit or loss and other comprehensive income.
- These assets are not subject to impairment loss testing.
- Dividends are recorded as a separate line item in the consolidated statement of profit or loss and other comprehensive income.

b) <u>Investment in associates</u>

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies where the group holds (20 %-25%) of the voting rights. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement.

Interests in associates and the joint venture are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees after preparation of adjustment to be in align with the group's accounting policies since the actual effective date of joint control till the actual effective stop date or joint control.

c) Property and Equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the property and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within the consolidated statement of profit or loss and other comprehensive income.

When parts of an item of property and equipment have different useful lives, they are accounted for as separated items of property and equipment.

Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Ongoing costs of repair and maintenance of property and equipment are expensed in the consolidated statement of profit or loss and other comprehensive income as incurred.

Depreciation

Depreciation is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The depreciation rate of property and equipment for the current and previous year are as follows:

Items of property and equipment	Depreciation rate
Furniture and fixtures	10%
Decorations and improvements	15%
Tools and equipment	15%
Vehicles	15%
Buildings and projects	10%
Computers and software's	20%

The group reviews the useful lives and depreciation for the property, plant and equipment at the end of each financial year.

d) Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event had a negative effect on the estimated future consolidated cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future consolidated cash flows discounted at the asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the consolidated statement of consolidated profit or loss and other comprehensive income.

Non-Financial Assets

The carrying amounts of the group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell or its value in use.

All impairment losses are recognized in the consolidated statement of profit or loss and other comprehensive income.

e) Lands under development and projects under construction

Lands under development and projects under construction are measured at the lower of cost or net realizable value, the costs include expenditures incurred on projects under construction, conversion costs and other costs incurred on such project. Projects under construction are not depreciated till the related assets are ready for use or sale.

Net realizable value is the estimated selling price in the ordinary course of the business, less the estimated selling expenses.

f) Intangible Assets

Intangible assets acquired through the acquisition of subsidiaries are recorded at fair value at the date of acquisition.

The estimated useful lives of intangible assets are as follows:

Lease Contracts	7 Years

The estimated useful life of these assets are reviewed periodically and any adjustments are made to subsequent periods.

g) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.
Investments property is recognized initially at cost less accumulated depreciation and investments property (except for lands) are depreciated when they are ready to be used on straight-line method over their estimated useful lives between 2%-10%. Their fair values are disclosed on an annual basis in the consolidated financial statements, Investment properties are revaluated annually by independent real-estate experts based on market values, in an active market.

h) Revenues recognition and expenses realization

Revenues and expenses are recognized based on accrual basis.
The Group recognizes revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.
Rental income from investment properties is recognized as revenue on a straight-line basis over the term of the lease.

i) Foreign Currency Transactions

Transactions in foreign currencies during the year are translated at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jordanian Dinar at the exchange rate at that date.

The foreign currency gain (loss) on monetary items is the difference between amortized cost in Jordanian Dinar at the beginning of the year, adjusted for effective interest rate and payments during the year, and the amortized cost in foreign currency translated to JOD at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Jordanian Dinar at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation of foreign currencies to Jordanian Dinar are recognized in the consolidated statement of profit or loss.

j) Fair value for financial assets

Fair values represent the amount with which an asset could be exchanged, or a liability settled, in a transaction between knowledgeable, willing parties in an arm's length transaction.

The closing prices (purchase of assets \ sale of liabilities) on consolidated financial statements date in effective markets, represents the fair value of financial assets and liabilities that have market prices.

In the absence of quoted prices or lack of active trading of some financial assets or the in absence of an active market, fair value is determined by comparing with current market value of financial instrument, or by using the discounted future cash flows discounted at the rate of similar financial instrument or by use the net assets value method of investments.

k) Offsetting

Financial liabilities are set off against financial assets, and the net amount is shown in the consolidated financial position only when the obliging legal rights are available or when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

l) Date of recognition of financial assets

Purchase and sell of financial assets are recognized on the trading date (date when Group commitment to sell or buy financial assets)

m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in statement of profit or loss and other Comprehensive income except to the extent that it relates to a business combination, or items recognized directly in profit or loss and other Comprehensive income or in other consolidated comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the consolidated reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current tax payable is calculated at the tax rate 20% in accordance with the new prevailing income tax law in Jordan No. (34) for the year 2014 effective from January 1, 2015.

4) <u>New standards and interpretations not yet adopted</u>

The following new and revised IFRSs have been issued but are not effective yet, the Group has not applied the following new and revised IFRSs that are available for early application but are not effective yet:

<u>New standards</u>

- International Financial Reporting Standards (9): Financial Instruments (effective on January 1st, 2018 except for Insurance Companies which will be effective on January 1st, 2021 with earlier application permitted).
- International Financial Reporting Standards (15): Revenue from Contracts with Customers (effective on January 1st, 2018 with earlier application permitted).
- International Financial Reporting Standards (16): Leases (effective on January 1st, 2019 with earlier application permitted).

<u>Amendments</u>

- IFRS (2): Classification and Measurements of Share-Based Payments (effective on January 1st, 2018 with earlier application permitted).
- IFRS (10) and IAS (28): Sale or Contribution of Assets between and Investor and its Associate or Joint Venture. (date to be determined).
- IAS (40): Clarify Transfers or Property to, or from, Investment Property (effective on January 1st, 2018).
- Annual Improvements to IFRSs 2014 –2016 Cycle – Amendments on IFRS (12) Ownership of other firms disclosure.
- Annual Improvements to IFRSs 2014 –2016 Cycle – Amendments on IFRS (1) adopting IFRS for the first time and IAS (28) Investment in associate and joint venture (effective on Jan 1st 2018).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments

The Group anticipates that each of the above standards and interpretations (amendments) will be adopted in the consolidated financial statements by its date mentioned above without having any material impact on the Group’s consolidated financial statements.

<u>Effect of application of International Financial Reporting standard no. (9):</u>

The Group is required to apply IFRS (9) “Financial Instruments” starting from January 1st, 2018. Accordingly, The Group’s management made primary assessment and does not expect any significant impact as a result of applying the requirements of IFRS 9. The Group will book the full-expected impact taking into consideration the full estimates and tests required by the standard when issuing the Group’s consolidated financial statements for the period ending March 31, 2018.

The following are the most important aspects of application:

A- <u>Classification and measurement of financial assets:</u>

The Group’s management does not expect any material impact as a result of applying the classification and measurement according to IFRS 9 requirements.

B- Classification and measurement of financial liabilities:

IFRS (9) has retained the requirements of IAS (39) regarding the classification of financial liabilities. IAS 39 (Revised) requires recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss in the statement of profit or loss and other comprehensive income, whereas IFRS (9) requires:

- Recognition of differences in the assessment of financial liabilities classified as financial liabilities at fair value through statement of profit or loss as a result of changes in credit risk in the statement of profit or loss and other comprehensive income.
- The remaining amount of fair value valuation differences is recognized in the statement of profit or loss and other comprehensive income.
- The Group has not classified any financial liabilities in financial liabilities at fair value through profit or loss. Moreover, there is no intention by the management to classify any financial liabilities in this category. Therefore, there is no impact from the application of IFRS (9) to the consolidated financial statements.

C- Impairment of financial assets

IFRS (9) replaces the ‘incurred loss’ model in IAS (39) with a forward-looking ‘expected credit loss’ model. Which requires the use of estimates and judgments to estimate economic factors. The model will be applied to all financial assets - debt instruments which classified as amortized cost or at fair value through statement of comprehensive income or at fair value through profit or loss.

Impairment losses will be calculated in accordance with the requirements of IFRS (9) in accordance with the following rules:

- 12 month impairment loss: The expected impairment will be calculated for the next 12 months from the date of the consolidated financial statements.
- Impairment losses for the lifetime of the instrument: The expected impairment of the life of the financial instrument will be calculated until the maturity date from the date of the consolidated financial statements.

The expected credit loss mechanism depends on the probability of default (PD), which is calculated according to the credit risk and future economic factors, the loss given default (LGD), which depends on the value of the existing collateral, the exposure at default (EAD).

No significant impact is expected from the adoption of IFRS 9.

Disclosures

IFRS (9) requires detailed disclosures, particularly with regard to hedge accounting, credit risk and expected credit losses. The Group is working to provides all the necessary details for these disclosures to be presented in the subsequent consolidated financial statements after application.

Implementation

The Group will take advantage of the exception provided by the standard at the implementation on January 1st, 2018 by recording potential effects (if any) on the opening balances of retained earnings, provisions and non-controlling interests rather than restating the figures of the financial statements for the year ended December 31, 2017 and earlier.

5) SEGMENT REPORTING

An operating segment is a Group of components affected by risks and returns that distinguish it from others and engages in producing products or services known as operating segments or engages in producing products or services within economic environments known as geographical segments.

A- Operating Segment

The Group operates only one operating segment which is the real estate sector, and all its revenues and expenses are related to this sector.

B- Geographical Segment

The Group operations are located inside the Hashemite Kingdom of Jordan.

6) PROPERTY AND EQUIPMENT

Jordanian Dinar	Furniture and fixtures	Decorations and Improvements	Machines and Equipment	Vehicles	Equipment's ,Machines and projects	Computers and software's	Total
Cost							
Balance as of January 1, 2017	153,608	210,999	212,867	77,365	784	224,775	880,398
Additions	-	-	760	-	-	-	760
Balance as of December 31, 2017	**153,608**	**210,999**	**213,627**	**77,365**	**784**	**224,775**	**881,158**
Accumulated Depreciation							
Balance as of January 1, 2017	109,455	151,289	199,665	68,730	784	217,032	746,955
Depreciation for the year	15,781	15,232	10,015	1,537	-	1,921	44,486
Balance as of December 31, 2017	**125,236**	**166,521**	**209,680**	**70,267**	**784**	**218,953**	**791,441**
Cost							
Balance as of January 1, 2016	154,064	212,613	214,920	77,365	1,291	232,484	892,737
Additions	-	430	-	-	-	-	430
Disposals	(456)	(2,044)	(2,053)	-	(507)	(7,709)	(12,769)
Balance as of December 31, 2016	**153,608**	**210,999**	**212,867**	**77,365**	**784**	**224,775**	**880,398**
Accumulated Depreciation							
Balance as of January 1, 2016	91,550	135,996	189,686	67,193	1,291	218,356	704,072
Depreciation for the year	18,211	16,349	11,601	1,537	-	4,986	52,684
Disposals	(306)	(1,056)	(1,622)	-	(507)	(6,310)	(9,801)
Balance as of December 31, 2016	**109,455**	**151,289**	**199,665**	**68,730**	**784**	**217,032**	**746,955**
Net Book value as of December 31, 2017	**28,372**	**44,478**	**3,947**	**7,098**	**-**	**5,822**	**89,717**
Net Book value as of December 31, 2016	**44,153**	**59,710**	**13,202**	**8,635**	**-**	**7,743**	**133,443**

7) Lands under development and Projects under construction

As of December 31, 2017 *Jordanian Dinar*	Dead Sea Project (1)	Ahyaa Amman Project (2)	Business Complex Project Abdali (3)	Total
Cost of Land*	16,300,112	-	4,167,190	20,467,302
Projects under construction**	1,864,008	-	9,900,763	11,764,771
Balance at the end of the year	**18,164,120**	**-**	**14,067,953**	**32,232,073**

As of December 31, 2016 *Jordanian Dinar*	Dead Sea Project (1)	Ahyaa Amman Project (2)	Business Complex Project Abdali (3)	Total
Cost of Land*	16,300,112	-	4,167,190	20,467,302
Projects under construction**	1,864,008	168,876	9,510,767	11,543,651
Balance at the end of the year	**18,164,120**	**168,876**	**13,677,957**	**32,010,953**

* This item represents the cost of land located in the Dead Sea area owned by Dead Sea Specialized Resorts Company for the purpose of establishing tourism projects, as well as land within the Abdali development area owned by Jordan Dubai Land Development Company (Subsidiary Company).

** The movement of projects under construction during the year was as follows:

Jordanian Dinar	2017	2016
Balance at the beginning of the year	11,543,651	11,226,801
Additions	489,170	402,980
Transferred to investment properties (Note 8)	(268,050)	(86,130)
Balance at the end of the year	**11,764,771**	**11,543,651**

- The cost of the Al Abdali Business Complex project includes capitalized interest during the years by the amount of JOD 1,735,259 as of December 31, 2017 (2016: JOD 1,366,771). Were the financing expenses capitalized during the year ended December 31, 2017 over the Abdali Project amounted to JOD 368,488 (335,443 JOD during the year ended December 31, 2016).

- With regard to the Dead Sea Project (Phase I), there is no agreement to start the first stage during the coming year and there is no obligation on the Company for any party.

- The projects of Ahyaa Amman was completed during the year 2017.

- The land and the Al Abdali Business Complex have been mortgaged in return for granting the Group a bank loan for financing the project cost of completion as described in Note (19) to the consolidated financial statements.

8) Investment Properties

Jordanian Dinar	Lands	Aqarco Center*	Buildings*	Al-Niser Building*	Aqaba Warehouses*	Total
2017						
Cost						
The balance as of January 1, 2017	14,601,526	3,691,486	138,951	5,754,063	362,554	24,548,580
Transferred from projects under construction	131,878	1,422	134,750	-	-	268,050
Balance as of December 31, 2017	**14,733,404**	**3,692,908**	**273,701**	**5,754,063**	**362,554**	**24,816,630**
The balance as of January 1, 2017	-	1,425,197	111,482	382,549	227,844	2,147,072
Depreciation for the year	-	118,114	31,042	50,191	32,167	231,514
Balance as of December 31, 2017	**-**	**1,543,311**	**142,524**	**432,740**	**260,011**	**2,378,586**
Net book value as of December 31, 2017	**14,733,404**	**2,149,597**	**131,177**	**5,321,323**	**102,543**	**22,438,044**
2016						
Cost						
The balance as of January 1, 2016	15,441,346	3,691,486	204,705	5,754,063	362,554	25,454,154
Transferred from projects under construction	300	-	85,830	-	-	86,130
Sale of Investment Property	(840,120)	-	(151,584)	-	-	(991,704)
Balance as of December 31, 2016	**14,601,526**	**3,691,486**	**138,951**	**5,754,063**	**362,554**	**24,548,580**
The balance as of January 1, 2016	-	1,307,985	106,478	332,359	195,678	1,942,500
Depreciation for the year	-	117,212	31,988	50,190	32,166	231,556
Sale of Investment Property	-	-	(26,984)	-	-	(26,984)
Balance as of December 31, 2016	**-**	**1,425,197**	**111,482**	**382,549**	**227,844**	**2,147,072**
Net book value as of December 31, 2016	**14,601,526**	**2,266,289**	**27,469**	**5,371,514**	**134,710**	**22,401,508**

*These items include the cost of the land on which the commercial Aqarco complex, buildings, Aqaba warehouses and Al-Niser Building are located.

The fair value of investment properties as of December 31, 2017 amounted to JOD 36,225,451 (2016: JOD 36,197,382). The fair values of investments property as of December 31, 2017 and 2016 were determined by property experts.

The investment properties item includes an amount of JOD 1,973,845 representing mortgaged properties in favor of Arab Bank in exchange for bank facilities granted to Ahyaa Amman Development and Rehabilitation Company (Subsidiary Company).

9) Intangible Assets

The details of this item are as follows:

Jordanian Dinar	**Goodwill***	**Lease Contracts**	**Total**
2017			
Cost			
Balance as of January 1, 2017	2,318,485	234,333	2,552,818
Balance as of December 31, 2017	**2,318,485**	**234,333**	**2,552,818**
Accumulated amortization			
Balance as of January 1, 2017	-	234,333	234,333
Balance as of December 31, 2017	**-**	**234,333**	**234,333**
Net book value as of December 31, 2017	**2,318,485**	**-**	**2,318,485**
2016			
Cost			
Balance as at January 1, 2016	2,318,485	234,333	2,552,818
Balance as of December 31, 2016	**2,318,485**	**234,333**	**2,552,818**
Accumulated amortization			
Balance as at January 1, 2016	-	234,333	234,333
Balance as of December 31, 2016	**-**	**234,333**	**234,333**
Net book value as of December 31, 2016	**2,318,485**	**-**	**2,318,485**

* The following subsidiaries have been identified as cash-generating units from acquisition operations for goodwill impairment test:

Jordanian Dinar	**Goodwill**
Subsidiary Company	
Al-Niser International Investment Group	971,187
Jordan Eye for Tourism Resorts Company and its subsidiaries:	958,641
Ahyaa Amman for Real Estate Rehabilitation and Development Company and its subsidiaries:	1,621,812
Less: Loss of goodwill impairment	(1,233,155)
	2,318,485

The recoverable amount of the two companies Ahyaa Amman for Real Estate Rehabilitation and Development and Jordan Eye for Tourism Resorts Company resorts as of December 31, 2017 and 2016 was determined by calculating the fair value less costs to sell. The fair value of the real estate investments owned by the two companies is determined by real estate experts and the Company's other assets and liabilities are financial assets and liabilities whose fair value is approximately the carrying amount.

10) Investment in associate

Jordanian Dinar	Country of Registration	Ownership Percentage	As of December 31, 2017	2016
		%		
Madaen Al-Shorouq Investment and Real estate Development Company	Jordan	30,3	**4,481,262**	**4,518,050**

The movement is at the expense of an investment in an associate during the year as follows:

Jordanian Dinar	2017	2016
Balance at the beginning of the year	4,518,050	4,553,880
The Group's share of the results of an associate Company	(36,788)	(35,830)
Balance at the end of the year	**4,481,262**	**4,518,050**

* The results of the associate's operations have been recognized in accordance with unaudited financial statements. Management is in the process to ensure that there is no impairment in the value of the investment.

11) Financial assets at fair value through other comprehensive income

Jordanian Dinar	As of December 31, 2017	2016
Shares in local Companies – non listed:		
Saraya Al-Aqaba for real estate development shares	**3,503,711**	**3,503,711**

12) Accounts Receivables

Jordanian Dinar	As of December 31, 2017	2016
Rental receivables	706,376	722,765
Real estate sale receivables	199,223	267,935
Employees receivables	17,457	16,942
Shareholders receivables	134,207	134,207
Other receivables	2,364	2,363
	1,059,627	**1,144,212**
Accounts receivable impairment provision *	(795,595)	(762,821)
	264,032	**381,391**

-The following table shows the aging receivable:

Jordanian Dinar	As of December 31, 2017	2016
Due from 1-30 days	103,712	202,843
Due from 31-60 days	2,525	45,690
Due from 61-90 days	36,833	10,728
Due from 91-120 days	25,547	19,628
Due from 121-150 days	8,354	10,299
Due from 151-360 days	82,246	30,348
Due more than 361 days	4,815	61,855
	264,032	**381,391**

*The movement on the accounts receivable impairment provision during the year was as follows:

Jordanian Dinar	As of December 31, 2017	2016
Balance as of January 1st	762,821	632,068
Provision for the year	142,981	130,753
Provision reversed during the year	(110,207)	-
Balance as of December 31,	**795,595**	**762,821**

13) Other Debit Balances

Jordanian Dinar	As of December 31, 2017	2016
Refundable deposits	34,505	45,405
Guarantees cash margins	19,825	31,525
Prepaid expenses	44,542	42,985
Income and sales tax refundable deposits	72,137	72,080
Accrued interest	370	2,347
Others	28,721	67,914
	200,100	**262,256**

14) Balances and transactions from related parties

Related parties are sister and associate companies, and the companies owned by the principal owners and senior management personnel of the Company. The Company's management approves the pricing policies and terms of these transactions

(14-1) Due from a related party

Jordanian Dinar	As of December 31, 2017	2016
Madaeen Alshourooq for Real Estate Development and investment Company (Associate company)	532,000	602,000
	532,000	**602,000**

	As of December 31,	
Jordanian Dinar	**2017**	**2016**
Shareholders' receivables	134,207	134,207
Account Receivable - Owners Association of ACARCO Commercial Center	100,687	173,237
	234,894	**307,444**

(14-2) Transactions with related parties

Jordanian Dinar	**Nature of transactions**	**As of December 31, 2017**	**2016**
Properties Management revenue - The association owners of AQARCO building	Properties and projects Management revenue	81,563	83,334
Company's' share from operating expenses – AQARCO building	Expenses	119,077	125,634

The parent Company (Jordan Decapolis Properties) owns 47% from AQARCO commercial center, which is managed by the elected association.

(14-3) Salaries and benefits of higher management

Short-term Salaries, remunerations bonuses and transportation of the Executive Management and members of Board of Directors amounted to JOD 70,200 for the year ended December 31, 2017 (for the year ended December 31, 2016: JOD 36,000).

15) Cash and cash equivalents

	As of December 31,	
Jordanian Dinar	**2017**	**2016**
Cash and balances at banks	1,068,958	1,484,025
Cash on hand	6,658	4,253
	1,075,616	**1,488,278**

16) Treasury Shares

This item represent the cost of 214,871 of parent Company shares purchased by Ahya'a Amman for Real Estate Rehabilitation and Development Company and Al-Niser International Investment Group (subsidiaries) as of December 31, 2017 (214,281 share: as of December 31, 2016).

17) Accounts Payable

	As of December 31,	
Jordanian Dinar	**2017**	**2016**
Trade receivables	173,574	157,181
Deposits for others*	336,554	358,362
Contractor retention	165,641	165,641
	675,769	**681,184**

* This item represents the share of Al Habtoor Real Estate Company, which owns 40% of the commercial center of Aqarco, from the rental income of the center after deducting the operating expenses, in addition to its share of the net revenues from the sale of offices in the Aqarco Center.

18) Other Credit Balances

Jordanian Dinar	As of December 31, 2017	2016
Accrued expenses	449,365	89,316
Refundable deposits	10,228	10,228
Income and sales tax deposits	24,244	24,503
Income tax provision (note 20)	31,045	33,748
Social security deposits	6,118	5,820
Deferred checks	23,256	23,255
Unpaid shareholders' profits	109,806	110,238
Shareholder Refunds	397,273	401,864
Provision for end of service indemnity	8,066	6,716
Provision for employee leaves	19,355	20,981
Other	17,627	17,418
	1,096,383	**744,087**

19) Due loans installments

The details of this item are as follows:

Jordanian Dinar	As of December 31, 2017		2016	
	Loan installments		Loan installments	
	Short-term	Long-term	Short-term	Long-term
Arab Bank loan	3,671,319	-	1,835,798	1,835,798
Total	**3,671,319**	**-**	**1,835,798**	**1,835,798**

On May 30, 2013 Jordan Dubai Properties Company for Lands Development Private Shareholding (Subsidiary Company) has signed a declining loan agreement with Arab bank amounted to JOD 5,000,000 to finance and complete cost of the commercial building located in Al-Abdali projects area in Amman, Part of the loan was withdrawn during 2014. The loan is to be repaid in 6 equal annual installments each amounted to JOD 833 Thousand, the first installment will due after 24 months from signing the agreement date, this loan bear interest rate of 8.375%.

During 2015, the Company has amended the loan agreement with the bank to be repaid in 5 equal annual installments each amounted to JOD 917 thousands where the first installment is due after 24 months of the signing the agreement with an annual interest rate of % 8.375.

During 2016, the Company has amended the loan agreement with the bank to be repaid in 4 equal installments each amounted to JOD 917 thousands for which first installment due on June 30, 2017, in addition to 3 equal installments each amounting to JOD 917 thousands for which first installment to be started from November 30, 2017 until final settlement at an annual interest rate of % 8.5

The Company didn’t pay the due installment during 2017, were as per the signed loan agreement appendix between the Company and the bank states that if any installment is due but not paid on its due date then the bank has the right to consider the remaining loan installments due with its associated interest and commissions and related expenses and to be paid immediately as one payment, accordingly bank loans has been completely re-classified as current liabilities.

The loan has been granted against the mortgage of Jordan Dubai Properties Company for Lands Development Al-Abdali project for the interest of the Arab bank as a guarantee as mentioned in Note (7).

The group has pledged as a mortgage part of its investment properties against granted loans, the group has settled all the related due installments for Arab bank which were in the interest of Ahya’a Amman for Real Estate Rehabilitation and Development Company (Subsidiary Company), but the procedures related to the mortgage release wasn’t completed up to the date of this consolidated financial statement.

20) Income Tax Provision

The movement on the income tax provision during the year is as follows:

Jordanian Dinar	2017	2016
Balance at the beginning of the year	33,748	41,700
Income tax due on current year profits	1,400	3,644
Income tax paid	(4,103)	(11,596)
Balance at the end of the year	**31,045**	**33,748**

The income Tax provision for the year ended December 31, 2017 and 2016 was calculated in accordance with the income law No (34) for the year 2014, the income Tax rate is 20%.

The Company did not recognize deferred tax assets over the accumulated losses till December 31, 2017 due to uncertainty to incurred taxable profit in the Near future.

Jordan Decapolis Properties Company (Parent Company)
The Company has reached to a final settlement with the Income and Sales Tax Department up to the year 2014. Moreover, the Company has submitted its tax return for the year 2015 and 2016 which still not reviewed by the Income and Sales Tax Department.

Ahyaa Amman for Real Estate Rehabilitation and Development Company (subsidiary)
The Company has reached to a final settlement with the Income and Sales Tax Department up to the year 2015. Moreover, the Company has submitted its tax return for the year 2016 which still not reviewed by the Income and Sales Tax Department.

Al-Niser International Investment Group
The Company has reached to a final settlement with the Income and Sales Tax Department up to the year 2014. Moreover, the Company has submitted its tax return for the year 2015 and 2016 which still not reviewed by the Income and Sales Tax Department.

Jordan Dubai Properties Company for Lands Development
The Company has reached to a final settlement with the Income and Sales Tax Department up to the year 2013. Moreover, the Company has submitted its tax return for the year 2014, 2015 and 2016 which still not reviewed by the Income and Sales Tax Department.

Jordan Dubai Specialized Resorts Company
The Company has reached to a final settlement with the Income and Sales Tax Department up to the year 2015. Moreover, the Company has submitted its tax return for the year 2016 which still not reviewed by the Income and Sales Tax Department.

South of The Dead Sea Development for Specialized Resorts Company
The Company has reached to a final settlement with the Income and Sales Tax Department up to the year 2014. Moreover, the Company has submitted its tax return for the year 2015 and 2016 which still not reviewed by the Income and Sales Tax Department.

Jordan Eye for Tourism Resorts Company and its subsidiaries
The Company has reached to a final settlement with the Income and Sales Tax Department up to the year 2015. Moreover, the Company has submitted its tax return for the year 2016 which still not reviewed by the Income and Sales Tax Department.

Aman Jordan Decapolis for Tourism Investments Company
The Company has reached to a final settlement with the Income and Sales Tax Department up to the year 2015. Moreover, the Company has submitted its tax return for the year 2016 which still not reviewed by the Income and Sales Tax Department.

Ahyaa Amman for Hotel Investments Company

The Company has reached to a final settlement with the Income and Sales Tax Department up to the year 2015. Moreover, the Company has submitted its tax return for the year 2016 which still not reviewed by the Income and Sales Tax Department.

Muniah for Specialized Resorts Company

The Company has reached to a final settlement with the Income and Sales Tax Department up to the year 2011. Moreover, the Company has submitted its tax returns from the year 2012 until 2015 and reviewed by the Income and Sales department, now under supervision of the Company's liquidator and follow up for issuing its final audit report.

21) Revenues from properties lease

Jordanian Dinar	For the year ended December 31, 2017	2016
Commercial Aqarco Center	181,313	189,720
Aqaba Warehouses	4,987	14,280
Ahyaa Amman buildings	175,769	253,556
	362,069	**457,556**

22) Properties operating expenses

Jordanian Dinar	Commercial Aqarco center	Other Real estate	For the year ended December 31, 2017	2016
Utilities	863	6,067	6,930	15,389
Salaries and bonuses	-	59,219	59,219	88,365
Health insurance and treatments	-	10,612	10,612	12,755
Mail and telephone	-	2,435	2,435	2,818
Group contribution of social security	-	4,477	4,477	7,355
Depreciation	-	7,696	7,696	7,935
Building tax and sewage	21,400	37,806	59,206	79,352
Maintenance of the center and elevators	8,233	5,643	13,876	16,293
Leave and end of service indemnity	-	500	500	500
Professional fees	-	580	580	842
Legal and Government expense	1,951	1,076	3,027	3,344
Cleaning and guarding expenses	-	8,531	8,531	17,759
Insurance expense	-	1,120	1,120	1,120
Rent	-	-	-	58,500
Advertising	-	-	-	124
Company's share of operating expense*	119,077	-	119,077	125,634
Others	607	1,992	2,599	9,149
	152,131	**147,754**	**299,885**	**447,234**

*This item represents the share of Jordan Decapolis Properties from the operating expenses of the Commercial Aqarco Center for the years 2017 and 2016, which were loaded by the Owners Association of the Commercial Center of Aqarco to the owners each per ownership.

23) Administrative Expenses

	For the year ended December 31,	
Jordanian Dinar	**2017**	**2016**
Salaries and other benefits	203,263	203,049
Utilities	6,506	6,834
Mail and telephone	8,695	9,992
Rents	12,208	12,208
Group contribution of social security	28,753	27,947
Health insurance and treatments	31,062	30,616
Professional fees and financial consulting	38,813	46,378
Licenses and subscriptions	82,049	25,921
Legal fees	50,742	44,803
Stationery and office supplies	3,975	6,892
Advertising	1,300	325
Business development expenses	-	750
Buffet	3,574	2,413
Maintenance, fuel and cleaning	1,752	1,938
Training and transportation	-	630
Consulting and studies	700	750
Vehicle expenses	6,139	6,435
Bank commissions	1,039	839
Others	10,298	80,843
	490,868	**509,563**

24) Basic and diluted earnings per share from loss for the year

Jordanian Dinar	**2017**	**2016**
Loss for the year (JOD)	(709,014)	(431,411)
Weighted average for number of shares (Share)	46,967,755	46,967,755
Basic and diluted earning share of the current year loss (JOD/Fills)	**(0/015)**	**(0/009)**

25) Contingent liabilities

The Group has contingent liabilities as of the date of the consolidated financial statements represented by bank guarantees amounted to JOD 19,825 (2016: JOD 136,825) against cash margin amounted to JOD 19,825 As of December 31, 2017 (2016: JOD 31,525).

26) Discontinued Operations

The Board of Directors of Muniah for Specialized Resorts Company (subsidiary Company) decided on its meeting held on March 29, 2016 to liquidate the Company, However the Board of Directors of the Group decided to approve the liquidation and accordingly the subsidiary was classified as discontinue operations in accordance with IFRS (5):

Jordanian Dinar	For the year ended December 31,	
	2017	**2016**
Administrative expenses	-	(7,803)
Depreciation	-	(3,849)
Loss from discontinued operations	**-**	**(11,652)**

The details of the assets and liabilities of Muniah Specialized Resorts (the subsidiary) classified as available for sale as of December 31, and it's as follows:

Jordanian Dinar	As of December 31,	
	2017	**2016**
Assets		
Cash and cash equivalents	366	366
Other debit balances	73,818	73,818
Property and equipment	58,641	58,641
Projects under construction	43,779,524	43,779,524
Provision of impairment for projects under construction	(15,838,025)	(15,838,025)
Advances payments to contractors	1,627,290	1,627,290
Lands under development	3,625,695	3,625,695
Total Assets	**33,327,309**	**33,327,309**
Liabilities		
Accounts Payable	5,576,459	5,576,459
Accrued other credit balances	3,020,555	3,020,555
Long-term loan installments due within a year	20,860,114	20,860,114
Total Liabilities	**29,457,128**	**29,457,128**
Net assets associated with discontinued operations	**3,870,181**	**3,870,181**

The credit balance of non-controlling interests in Muniah Specialized Resorts Company amounted to JOD 4,876,439 as of December 31, 2017 and 2016.

The net cash flows incurred by Muniah for Specialized Resorts (the subsidiary) are as follows:

Jordanian Dinar	**2017**	**2016**
Operating activities	-	66,710
Investing activities	-	(1,195,609)
Financing activities	-	1,128,470
Net Cash Flow	**-**	**(429)**

27) Dividends

The Board of Directors of Jordan Dubai Specialized Resorts Company decided in its meeting held on December 17, 2017 to approve the distribution of all retained earnings by the amount of JOD 293,478 as of December 31, 2016 to the partners according to their share of the company's capital as follows:

Partners	ownership percentage	Share of profits
Jordan Eye for Tourism Resorts Company	%73	214,239
Military Credit Fund	%27	79,239

28) Financial Risk Management

Overview

The Group has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk
- Capital management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The management has overall responsibility for the establishment and oversight of Group's risk management framework.

The Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.
Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

- **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's Due from related party, trade receivables and other debt balances, cash and cash equivalent

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Carrying value as at	
Jordanian Dinar	**2017**	**2016**
Due from a related party	532,000	602,000
Accounts receivables	264,032	381,391
Other debit balances	82,963	147,191
Cash and cash equivalents	1,068,958	1,484,025
	1,947,953	**2,614,607**

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group’s customer base, including the default risk of the industry and country in which customer operate, has less of an influence on credit risk.

- **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contracted maturities of financial liabilities:

Non-derivative financial liabilities:

Jordanian Dinar	Carrying value	Contractual cash flow	6 Month or Less	6-12 Month	More than one year
2017					
Accounts Payable	675,769	(675,769)	-	(675,769)	-
other credit balances	1,096,383	(1,096,383)	-	(1,096,383)	-
Bank loan	3,671,319	(3,671,319)	-	(3,671,319)	-
	5,443,471	**(5,443,471)**	**-**	**(5,443,471)**	**-**
2016					
Accounts Payable	681,184	(681,184)	-	(681,184)	-
other credit balances	744,087	(744,087)	-	(744,087)	-
Bank loan	3,671,596	(3,671,596)	-	(1,835,798)	(1,835,798)
	5,096,867	**(5,096,867)**	**-**	**(3,261,069)**	**(1,835,798)**

- **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Group's profit or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

- **Currency Risk**

Most of the Group financial assets and liabilities are in Jordanian Dinar. Most of the Group transactions in general are in Jordanian dinar accordingly, the company is not highly exposed to foreign currency risk.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through comprehensive income, Therefore a change in interest rates at the reporting date would not affect consolidated statement of profit or loss and other comprehensive income.

Interest rate risk:

At the reporting date of consolidated financial statements, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

Jordanian Dinar	2017	2016
Fixed Rate Instruments		
Financial Liabilities	3,671,319	3,671,596
	3,671,319	**3,671,596**

Other market price risk

Equity price risk arises from financial assets at fair value through other comprehensive income held for meeting partially the unfunded portion of the Group's obligations as well as investments at fair value through profit or loss. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Risk Management Committee.

- **Capital management**

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings and interests of the Group.

The management monitors the return on capital, which the management defined as net operation income divided by total shareholders' equity.

The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There has been no changes in the group's approach to capital management during the year neither the group is subject to externally imposed capital requirements.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined 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 (i.e., as prices) or indirectly (i.e., derived from prices)
Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs good be defend directly or indirectly.
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Jordanian Dinar		**Fair Value**		
	Book Value	**Level 1**	**Level 2**	**Level 3**
As of December 31, 2017				
Financial assets at fair value through other comprehensive income*	3,503,711	-	-	3,503,711
Accounts Receivable	264,032	-	-	-
Other debit balances	200,100	-	-	-
Due from a related party	532,000	-	-	-
Cash and cash equivalents	1,075,616	1,075,616	-	-
Accounts payable	(675,769)	-	-	-
Other credit balances	(1,096,383)	-	-	-
Bank loans	(3,671,319)	(3,671,319)	-	-

Jordanian Dinar		**Fair Value**		
	Book Value	**Level 1**	**Level 2**	**Level 3**
As of December 31, 2016				
Financial assets at fair value through other comprehensive income*	3,503,711	-	-	3,503,711
Accounts Receivable	381,391	-	-	-
Other debit balances	262,256	-	-	-
Due from related party	602,000	-	-	-
Cash and cash equivalents	1,488,278	1,488,278	-	-
Accounts payable	(681,184)	-	-	-
Other credit balances	(744,087)	-	-	-
Bank loan	(1,835,798)	(3,671,319)	-	-

*** Fair value according to Level 3**

This item represents an investment in Saraya Aqaba Real Estate Development Company as this investment was made during 2008 and is still being evaluated at the cost of the purchase.

Management believes that the carrying amount of these financial assets approximate their fair value
There were no transfers between level 1 and level 2.

29) Comparative Figures

Comparative figures represent consolidated financial statements for the year ended 2016.