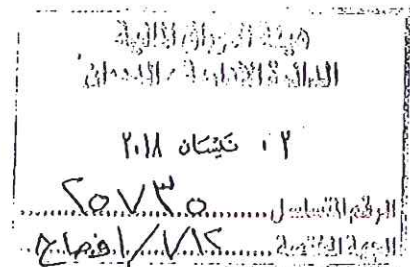




**First Jordan Investment Co.**

شركة الأردن الأولى للاستثمار



**FIRST JORDAN INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AND ITS SUBSIDIARIES (THE GROUP)  
AMMAN – JORDAN**

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

**FIRST JORDAN INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AND ITS SUBSIDIARIES (THE GROUP)  
AMMAN – JORDAN**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

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## **Auditor's Report on the Consolidated Financial Statements**

**To the General Assembly of  
First Jordan Investment Company  
(Public Shareholding Company)  
And its subsidiaries (the Group)  
Amman – Jordan**

### **Qualified Opinion**

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

In our opinion, except for the effects of the matter described in the basis for qualified opinion 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 consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### **Basis for Qualified Opinion**

The accompanying consolidated financial statements includes a due receivable balance from Al-Baha Company for Investments (Subsidiary Company) amounted to JOD 10,618,924 as of December 31, 2017 (2016: JOD 10,595,390) as disclosed in Note (14). Also the accompanying consolidated financial statements includes an investment in Al-Baha Company for Investments recorded at its historical cost amounted to JOD 20,002 as of December 31, 2017 (2016: JOD 20,002). Al-Baha Company for Investments financial statements were not consolidated with the group consolidated financial statements (Note 2-B). We were not able to obtain sufficient and appropriate audit evidence directly or through alternative audit procedures to verify the recoverability of the due amount to the Group and the value of the investment in the subsidiary Company as well as the validity of the subsidiary Company financial statements disclosed. Accordingly, we were unable to determine if there are any adjustments necessary to the accompanying consolidated financial statements.

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.





### **Emphasis of Matter Paragraphs**

Without further qualifying our opinion, we draw attention to the following matters:

- Note (9) "Investment properties" includes a land plot with carrying amount of JOD 1,870,295 registered in the names of some of the Board of Directors members as of December 31, 2017 (JOD 1,870,295: December 31, 2016), written representations obtained by the Group against this land plot from the Board of Directors members that the ownership of this land and its related revenues are in the favor of the group, and these representations were deposited at the Companies Control Department and the Jordan Valley Authority to secure the shareholders' equity.
- Note (27) to the accompanying consolidated financial statements, which shows that there is a lawsuit raised against the Group. The ultimate outcome of this lawsuit cannot be reliably determined accordingly, no provision has been accounted for in the consolidated financial statements against any consequences that may arise on the Group.
- Note (27) to the accompanying consolidated financial statements which describes that the Group has filed a lawsuit at the First Instance Tax Court to object on the Income and Sales Tax Department decision for imposing sales tax on one of its subsidiaries amounted to JOD 96,236 and related penalties amounted to JOD 127,326 for the financial years 2012 and 2013. Based on the Company's Management and its legal consultant opinions, the possibility of winning and cancelling this lawsuit is high. The final outcome of this legal case cannot be determined accordingly, no additional provisions has been accounted for in the consolidated financial statements against any consequences that may arise on the Group.

### **Key Audit Matters**

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

#### **1- Investment properties fair value determination**

<b>Description of the key audit matter</b>	<b><i>How the matter was addressed in our audit</i></b>
<p>The Group owns investment properties with carrying amount of JOD 42,290,449 as of December 31, 2017 which represents 52% of the Company's total assets comparing to JOD 42,573,903 which represents 50% of the company's total assets as of December 31, 2016. The change in this item resulted from additions during the year 2017 amounted to JOD 115,106 and depreciation of JOD 398,560. In accordance with the requirements of IFRS, the company should disclose the fair value of these assets and measure any impairment in its value (if any), such matter require a significant judgment and estimates from the management to determine the fair value, as the Company exercises judgment and estimates over the observable inputs used to determine the fair value/impairment including the valuation from real estate valuers and the discount of future cash flow. Accordingly, the determination of fair value / impairment of these assets by management is considered a key audit matter.</p>	<p>Our audit procedures includes the assessment of the Company's internal controls for the method used to determine the fair value of investment properties and compare the fair value to the carrying amount for the purpose to identify impairment (if any), in addition to the assessment of the estimates used by management to determine the fair value / impairment over the investment properties. We have compared these estimates with the requirements of IFRS and discussed with management based on the available information.</p>

<p>The accounting policies and critical judgments relative to investment properties are summarized respectively in Notes 2, 3 and 9 to the consolidated financial statements.</p>	<p>Furthermore, our audit procedures include the assessment of the methodology used, the acceptability of the measurement models and the observable inputs to determine the fair value/impairment of the investment properties. Review the relevancy of the key observable inputs used through the review of the discounted future cash flow, the valuations provided by the real states valutors and other inputs reviewed, we also assessed the sufficiency of the important estimates disclosures.</p>
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**2- Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income fair value determination**

Description of the key audit matter	<i>How the matter was addressed in our audit</i>
<p>The Group has an investment in financial assets at fair value through profit or loss and investments in financial assets at fair value through other comprehensive income amounted to JOD 8,258,717 and JOD 18,347,503 respectively as of December 31, 2017 compared to JOD 8,809,147 and JOD 20,824,667 respectively as of December 31, 2016, part of these investments are not listed in an active market, accordingly fair value determination requires a significant management judgments and estimates and to rely on inputs from the non-listed prices. Accordingly, the determination of fair value of these assets by management is considered a key audit matter.</p>	<p>Our audit procedures includes the assessment of the Company's' internal controls for the method used to determine the fair value of financial assets to examine its effectiveness, in addition to the assessment of the estimates used by management to determine the fair value over non listed financial assets, and we have compared these estimates with the requirements of IFRS and discussed with management based on the available information.</p> <p>Furthermore, our audit procedures include the assessment of the methodology used, the acceptability of the measurement models and the observable inputs to determine the fair value of the financial assets. Review the relevancy of the key observable inputs used through the review of the issued financial statements of the investee companies, or obtaining the prices from the secondary market and other inputs that have been reviewed.</p>

**3- Evaluation of trade receivable due from related parties - as mentioned in the basis for qualified opinion paragraph above.**

**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 considers is necessary to enable the preparation and presentation of the 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 consolidated financial reporting preparation 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:

- 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.

Kawasmy & Partners  
KPMG

Hatem Kawasmy  
License No, (656)



Amman – Jordan  
March 26, 2018



**FIRST JORDAN INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AND ITS SUBSIDIARIES (THE GROUP)  
AMMAN – JORDAN**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*Jordanian Dinar*

		<b>As of December 31,</b>	
	<b>Note</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	6	337,790	362,648
Financial assets at fair value through other comprehensive income	7	18,347,503	20,824,667
Investments in associates and subsidiaries	8	23,683	23,807
Investment property	9	42,290,449	42,573,903
Projects under construction	10	22,000	22,000
Deferred tax assets	11	564,815	613,065
<b>Total non-current assets</b>		<b>61,586,240</b>	<b>64,420,090</b>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	12	8,258,717	8,809,147
Other debit balances	13	330,933	446,348
Due from related parties	14	11,227,592	11,201,368
Cash and cash equivalents	15	49,385	352,318
<b>Total current assets</b>		<b>19,866,627</b>	<b>20,809,181</b>
<b>Total assets</b>		<b>81,452,867</b>	<b>85,229,271</b>
<b>Owners' equity and liabilities</b>			
<b>Owners' equity</b>			
Paid up capital	1	75,000,000	75,000,000
Statutory reserve	16	327,276	327,276
Retained earnings		3,725,327	5,115,754
Fair value reserve	17	(7,638,010)	(5,696,383)
<b>Total owners' equity</b>		<b>71,414,593</b>	<b>74,746,647</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank loans due within more than one year	18	7,164,357	7,323,113
<b>Total non-current liabilities</b>		<b>7,164,357</b>	<b>7,323,113</b>
<b>Current liabilities</b>			
Bank loans due within one year	18	1,523,691	1,617,507
Due to related parties	14	8,837	6,324
Accounts payable and other credit balances	19	1,341,389	1,535,680
<b>Total current liabilities</b>		<b>2,873,917</b>	<b>3,159,511</b>
<b>Total liabilities</b>		<b>10,038,274</b>	<b>10,482,624</b>
<b>Total owners' equity and liabilities</b>		<b>81,452,867</b>	<b>85,229,271</b>

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

The consolidated financial statements on pages from (6) to (37) were approved by the by Group's Board of Directors on March 15, 2018.



**FIRST JORDAN INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AND ITS SUBSIDIARIES (THE GROUP)  
AMMAN – JORDAN**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

<i>Jordanian Dinar</i>	<b>Note</b>	<b>For the year end December 31,</b>	
		<b>2017</b>	<b>2016</b>
Rental revenues	20	612,921	1,175,320
Net gains (losses) from financial assets at fair value through profit or loss	21	123,628	(369,931)
Financial securities transactions commissions		(3,862)	(7,378)
Group's share from associate losses	8	(124)	(140)
Investment property expenses	22	(728,051)	(769,977)
Administrative expenses	23	(551,017)	(528,486)
Gains from foreign currency exchange		890	18,273
Other income (Net)	24	26,801	121,757
<b>Loss from operating activities</b>		<b>(518,814)</b>	<b>(360,562)</b>
Interest income	25	732	2,879
Finance expenses	25	(711,288)	(825,360)
<b>Net finance costs</b>	25	<b>(710,556)</b>	<b>(822,481)</b>
<b>Loss before income tax</b>		<b>(1,229,370)</b>	<b>(1,183,043)</b>
Income tax (expense) surplus	11	(48,250)	600,000
<b>Total loss for the year</b>		<b>(1,277,620)</b>	<b>(583,043)</b>
<b>Other comprehensive income items that will never be reclassified to profit or loss statement:</b>			
Change in fair value for financial assets through other comprehensive income	17	(1,828,820)	5,172,576
Losses from sale of financial assets at fair value through other comprehensive income	17	(112,807)	(255,896)
<b>Total comprehensive (Loss) income for the year</b>		<b>(3,219,247)</b>	<b>4,333,637</b>
<b>Loss per share</b>			
<b>Basic earnings per share (JD/Share)</b>	<b>26</b>	<b>(0,017)</b>	<b>(0,008)</b>
<b>Diluted earnings per share (JD/Share)</b>	<b>26</b>	<b>(0,017)</b>	<b>(0,008)</b>

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

The consolidated financial statements on pages from (6) to (37) were approved by the by Group's Board of Directors on March 15, 2018.

**FIRST JORDAN INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AND ITS SUBSIDIARIES (THE GROUP)  
AMMAN – JORDAN**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

<i>Jordanian Dinar</i>	<b>Capital</b>	<b>Statutory Reserve</b>	<b>Retained Earnings *</b>	<b>Fair Value Reserve</b>	<b>Total</b>
<b><u>For the year ended December 31, 2017</u></b>					
Balance as of January 1, 2017	75,000,000	327,276	5,115,754	(5,696,383)	74,746,647
Loss for the year	-	-	(1,277,620)	-	(1,277,620)
Other comprehensive loss	-	-	-	(2,054,434)	(2,054,434)
Transfer from fair value reserve to retained earnings	-	-	(112,807)	112,807	-
<b>Balance as of December 31, 2017</b>	<b><u>75,000,000</u></b>	<b><u>327,276</u></b>	<b><u>3,725,327</u></b>	<b><u>(7,638,010)</u></b>	<b><u>71,414,593</u></b>
<b><u>For the year ended December 31, 2016</u></b>					
Balance as of January 1, 2016	75,000,000	327,276	5,954,693	(10,613,063)	70,668,906
Loss for the year	-	-	(583,043)	-	(583,043)
Other comprehensive income	-	-	-	4,660,784	4,660,784
Transfer from fair value reserve to retained earnings	-	-	(255,896)	255,896	-
<b>Balance as of December 31, 2016</b>	<b><u>75,000,000</u></b>	<b><u>327,276</u></b>	<b><u>5,115,754</u></b>	<b><u>(5,696,383)</u></b>	<b><u>74,746,647</u></b>

\* In accordance with the regulations of the Jordan Securities Commission, it prohibits the distribution of part of the retained earnings which include part of the negative value of the fair value differences of financial assets to shareholders.

\* Retained earnings as of December 31, 2017 includes deferred tax assets in the amount of JOD 564,815 (2016: JOD 613,065) which is restricted to be used or to be distributed to the shareholders according to the instructions of Jordanian Security Exchange Commission.

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

The consolidated financial statements on pages from (6) to (37) were approved by the by Group's Board of Directors on March 15, 2018.

**FIRST JORDAN INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
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AMMAN – JORDAN**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Amendments**

- IFRS (2): Classification and Measurements of Share-Based Payments (effective on January 1st, 2018 with earlier application permitted) .
- IAS (40): Transfers of Investment Property (effective on January 1st, 2018).
- Annual Improvements to IFRSs 2014 –2016 Cycle – Amendments on IFRS (1) Adapting IFRS for the First Time and IAS (28) Investment in Associate and Joint Venture (effective on Jan 1st 2018).
- IFRS (4): Applying IFRS (9) Financial Instruments with IFRS (4) Insurance Contracts (effective on Jan 1st 2018).
- IFRS (10) and IAS (28): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Effective date to be determined).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective on Jan 1st 2018).
- IFRIC 23 Uncertainty over Income Tax Treatments (effective on Jan 1st 2019) .

The Group anticipates that each of the above new standards 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.

**5) Segment Reporting**

An operating segment is a group of components of the Group 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 specific economic environment that distinguish it from other sectors known as geographical segments.

**A- Operating Segment**

The Company operates its activities in major operating segments, which represents the following:

- Investments.
- Real Estate.

***Jordanian Dinar***

**For the year ended December 31, 2017**

	<b><u>Investments</u></b>	<b><u>Real Estate</u></b>	<b><u>Total</u></b>
Segment net revenues	123,628	283,431	407,059
Interest revenue	567	165	732
Finance cost	(101,682)	(609,606)	(711,288)
Depreciation	(24,858)	(398,560)	(423,418)
Other income	10,851	16,840	27,691
Tax expense	(48,250)	-	(48,250)
Undistributed administrative and other expenses	-	-	(530,129)
<b>Segment loss for the year after tax</b>	<b><u>(39,744)</u></b>	<b><u>(707,730)</u></b>	<b><u>(1,227,620)</u></b>
Segment total assets	39,168,896	42,283,971	81,452,867
Segment total liabilities	(1,628,651)	(8,409,623)	(10,038,274)
Deferred tax assets	551,750	13,065	564,815
Capital expenditures	-	-	-



**FIRST JORDAN INVESTMENT COMPANY  
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AMMAN – JORDAN**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*Jordanian Dinar*

<b>For the year ended December 31, 2016</b>	<b>Investments</b>	<b>Real Estate</b>	<b>Total</b>
Segment net (losses) revenues	(369,931)	943,252	573,321
Interest revenue	2,202	677	2,879
Finance cost	(128,705)	(696,655)	(825,360)
Depreciation	(24,984)	(394,910)	(419,894)
Other income	24,184	115,846	140,030
Tax surplus	600,000	-	600,000
Undistributed administrative and other expenses	-	-	(654,019)
<b>Segment profit (loss) for the year after tax</b>	<b>102,766</b>	<b>(31,790)</b>	<b>(583,043)</b>
Segment total assets	44,043,998	41,185,273	85,229,271
Segment total liabilities	(1,127,072)	(9,355,552)	(10,482,624)
Deferred tax assets	600,000	13,065	613,065
Capital expenditures	5,270	-	5,270

**B- Geographical Segment**

The Company operate its activities inside the Hashemite Kingdom of Jordan.

**6) Property and equipment**

<i>Jordanian Dinar</i>	<b>Buildings – Group's offices</b>	<b>Tools and equipment</b>	<b>Furniture and fixtures</b>	<b>Computers</b>	<b>Vehicles</b>	<b>Decorations</b>	<b>Total</b>
<b>Cost</b>							
Balance as of January 1, 2017	393,996	66,796	49,236	18,543	71,060	37,572	637,203
Additions							
<b>Balance as of December 31, 2017</b>	<b>393,996</b>	<b>66,796</b>	<b>49,236</b>	<b>18,543</b>	<b>71,060</b>	<b>37,572</b>	<b>637,203</b>
<b>Cost</b>							
Balance as of January 1, 2016	393,996	61,526	49,236	18,543	71,060	37,572	631,933
Additions	-	5,270	-	-	-	-	5,270
<b>Balance as of December 31, 2016</b>	<b>393,996</b>	<b>66,796</b>	<b>49,236</b>	<b>18,543</b>	<b>71,060</b>	<b>37,572</b>	<b>637,203</b>
<b>Accumulated depreciation</b>							
Balance as of January 1, 2017	84,421	57,147	37,585	18,524	65,349	11,529	274,555
Depreciation	9,360	3,580	4,020	-	2,753	5,145	24,858
<b>Balance as of December 31, 2017</b>	<b>93,781</b>	<b>60,727</b>	<b>41,605</b>	<b>18,524</b>	<b>68,102</b>	<b>16,674</b>	<b>299,413</b>
<b>Accumulated depreciation</b>							
Balance as of January 1, 2016	75,061	55,841	34,931	18,542	57,384	7,830	249,571
Depreciation	9,360	1,306	2,654	-	7,965	3,699	24,984
<b>Balance as of December 31, 2016</b>	<b>84,421</b>	<b>57,147</b>	<b>37,585</b>	<b>18,542</b>	<b>65,349</b>	<b>11,529</b>	<b>274,555</b>
<b>Net book value as of December 31, 2016</b>	<b>309,575</b>	<b>9,649</b>	<b>11,651</b>	<b>19</b>	<b>5,711</b>	<b>26,043</b>	<b>362,648</b>
<b>Net book value as of December 31, 2017</b>	<b>300,215</b>	<b>6,069</b>	<b>7,631</b>	<b>19</b>	<b>2,958</b>	<b>20,898</b>	<b>337,790</b>

**FIRST JORDAN INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AND ITS SUBSIDIARIES (THE GROUP)  
AMMAN – JORDAN**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**7) Financial assets at fair value through other comprehensive income**

<i>Jordanian Dinar</i>	As of December 31,	
	2017	2016
Investments in local listed entities shares*	18,347,503	20,824,667
	<b>18,347,503</b>	<b>20,824,667</b>
<b>Distributed as follows:</b>		
Jordan Commercial Bank	17,584,103	19,897,867
Al-Israa for Islamic Finance and Investment Company	760,000	920,000
United Group Holdings Company PLC	3,400	6,800
	<b>18,347,503</b>	<b>20,824,667</b>

The number of restricted and mortgaged shares for the purpose of the membership of the Boards of Directors in the below listed entities and for other purposes at the securities depository center and as collateral against bank loans are as follow:

Company	Number Of shares	Market value As of December 31,	
		2017	2016
Jordan Commercial Bank	4,189,636	4,985,667	4,015,743
Al-Israa for Islamic Finance and Investment Company	50,000	19,000	23,000
United Group Holdings Company PLC	10,000	100	200
		<b>5,004,767</b>	<b>4,038,943</b>

**8) Investments in associates and subsidiaries**

<i>Jordanian Dinar</i>	Country of registration	Ownership Percentage %	As of December 31,	
			2017	2016
Al-Baha for Investments Company*	Jordan	55	20,002	20,002
First Ramtha for Investments Company	Jordan	22	3,681	3,805
Citadel First for financial Investments Company**	Jordan	30.77	200,000	200,000
			<b>223,700</b>	<b>223,807</b>
Investments in associate impairment provision**			(200,000)	(200,000)
			<b>23,683</b>	<b>23,807</b>

\*The Group did not consolidate Al-Baha for Investments Company financial statements as of December 31, 2017 and 2016. Although the group on the third of March 2013, acquired control over Al-Baha Investment Company's Board of Directors, this control was considered temporary to facilitate conducting the required legal procedures by Al-Baha Investment Company in its case raised against Gulf Company for General investments which owns Marina Tower project in Dubai. The group will eliminate this control upon the completion of the above need.



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\*\* The management of First Jordan Investment Company doesn't have the financial statements for Citadel First for Financial Investments Company, noting that the Group recorded a provision for the full amount that equals the amount of the investment in Citadel First for Financial Investments Company, as well as the Group did not recognize its share of the Citadel First for Financial Investments Company loss because the Group had recognized its share of loss that equals its full amount of investment during the period ended December 31, 2008.

The movement on the investments in associates and subsidiaries company's during the year was as follows:

	As of December 31,	
	2017	2016
<i>Jordanian Dinar</i>		
Balance at the beginning of the year	23,807	23,947
Group share from the associate losses	(124)	(140)
<b>Balance at the end of the year</b>	<b>23,683</b>	<b>23,807</b>

The following table summarizes the financial information for the investments in associate and subsidiaries, unadjusted for the Group ownership percentage:

<i>Jordanian Dinar</i>	Ownership Percentage	Non-Current Assets		Non-Current Liabilities		Total Liabilities		Revenues	Expenses	(Loss)
		Current Assets	Assets	Current Liabilities	Liabilities	Total Liabilities	Liabilities			
<b>For the year ended December 31, 2017</b>										
First Ramtha for Investments Company	22	-	2,420,875	2,420,875	824	2,390,895	2,391,719	-	563	(563)
<b>For the year ended December 31, 2016</b>										
First Ramtha for Investments Company	22	-	2,420,875	2,420,875	824	2,390,895	2,391,719	-	632	(632)

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**9) Investment properties**

<i>Jordanian Dinar</i>	<b>Lands*</b>	<b>Commercial Complexes</b>	<b>Total</b>
<b><u>Cost:</u></b>			
Balance as of January 1, 2017	18,088,874	29,162,186	47,251,060
Additions	-	115,106	115,106
<b>Balance as of December 31 2017</b>	<b>18,088,874</b>	<b>29,277,292</b>	<b>47,366,166</b>
Balance as of January 1, 2016	14,801,241	17,327,857	32,129,098
Transferred from projects under construction	3,287,633	11,807,281	15,094,914
Additions	-	27,048	27,048
<b>Balance as of December 31 2016</b>	<b>18,088,874</b>	<b>29,162,186</b>	<b>47,251,060</b>
<b><u>Accumulated Depreciation:</u></b>			
Balance as of January 1, 2017	2,429,115	2,248,042	4,677,157
Depreciation	-	398,560	398,560
<b>Balance as of December 31 2017</b>	<b>2,429,115</b>	<b>2,646,602</b>	<b>5,075,717</b>
<b><u>Accumulated Depreciation:</u></b>			
Balance as of January 1, 2016	2,429,115	1,853,132	4,282,247
Depreciation	-	394,910	394,910
<b>Balance as of December 31 2016</b>	<b>2,429,115</b>	<b>2,248,042</b>	<b>4,677,157</b>
<b>Net Book value as of :</b>			
<b>December 31, 2017</b>	<b>15,659,759</b>	<b>26,630,690</b>	<b>42,290,449</b>
<b>December 31, 2016</b>	<b>15,659,759</b>	<b>26,914,144</b>	<b>42,573,903</b>

\* The average fair value for the lands and commercial complexes according to the valuations performed by three real estate evaluators are amounted to JOD 47,428,829 as of December 31, 2017 (2016: JOD 47,589,534), no impairment losses recognized from the investment properties valuation as of December 31, 2017 and 2016.

\* Part of the lands from the investment properties amounted to JOD 9,574,098 have been mortgaged against loans and bank facilities granted for the group as disclosed in note (18) to the consolidated financial statements.

\* Lands balance includes a land plot with a carrying amount of JOD 1,870,295 registered in the names of some of the Board of Directors members as of December 31, 2017, the reason behind this registration in the names of some board of directors members due to the fact that this land being located within Jordan Valley Authority which states that lands are only allowed to be registered in the names of Individuals having National IDs. The Group, in return holds written representations from those board of directors members confirming that this land ownership and its related revenues are in the favor of the Group, and these representations were deposited at the Companies Control Department and Jordan Valley Authority to secure the shareholders' equity.

\*\* Part of the investment properties owned by the Group are prohibited from sale or disposal in accordance with the provisions of the "movable and immovable properties rental and its sale to the non-Jordanians and corporates law No. 47 for the year 2006". In accordance with the provisions of this law, such investments cannot be disposed of in any way before the expiry of three years from the date of its acquisition if the purpose for this purchase is housing, and five years if for any other purposes.

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**10) Projects under construction**

This item represent the following:

- Costs incurred over the commercial building project construction at the Abdali area, which is owned by Al-Taher for Investment and Real Estate Development Company.
- Other projects amounted to JOD 22,000.

The incurred and accrued costs on these projects during the current year and related balances as of the date of these consolidated financial statements are as follows:

<i>Jordanian Dinar</i>	<b>As of December 31,</b>	
	<b>2017</b>	<b>2016</b>
Project related construction and development expenses at the beginning of the year	22,000	11,829,281
Project related construction and development expenses during the current year	-	-
<b>Project related construction and development expenses at the end of the year</b>	<b>22,000</b>	<b>11,829,281</b>
Project land	-	3,287,633
<b>Total projects costs</b>	<b>22,000</b>	<b>15,116,914</b>
Transferred from projects under construction to investment property*	-	(15,094,914)
	<b>22,000</b>	<b>22,000</b>

\* The group transferred the Al-Abdali building to the investment property and started its depreciation at the beginning of year 2016 as disclosed in note (9).

**11) Deferred Tax Assets**

Deferred taxes are calculated according to the tax rate to which the Company is subject in accordance with Jordanian law.

Details of this item are as follows:

<i>In Jordanian dinar</i>	<b>Balance at the beginning of the year</b>	<b>Additions</b>	<b>Released amounts</b>	<b>Balance at the end of the year</b>	<b>Deferred tax assets as of December 31, 2017</b>
<b>Included accounts</b>					
Accumulated losses from foreign investment	6,000,000	-	(482,500)	5,517,500	551,750
Accumulated losses	33,369	-	-	33,369	13,065
	<b>6,033,369</b>	<b>-</b>	<b>(482,500)</b>	<b>5,550,869</b>	<b>564,815</b>
<i>In Jordanian dinar</i>	<b>Balance at the beginning of the year</b>	<b>Additions</b>	<b>Released amounts</b>	<b>Balance at the end of the year</b>	<b>Deferred tax assets as of December 31, 2016</b>
<b>Included accounts</b>					
Accumulated losses from foreign investment	-	6,000,000	-	6,000,000	600,000
Accumulated losses	33,369	-	-	33,369	13,065
	<b>33,369</b>	<b>6,000,000</b>	<b>-</b>	<b>6,033,369</b>	<b>613,065</b>



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The movement on deferred tax assets during the year was as follows:

<i>Jordanian Dinar</i>	<b>For the year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Balance at the beginning of the year	613,065	13,065
(Disposal) Additions	(48,250)	600,000
<b>Balance at the end of the year</b>	<b>564,815</b>	<b>613,065</b>

There is no movement on the income tax provision during the year ended 31 December 2017.

Income tax expense presented in the consolidated statement of profit or loss and other comprehensive income consists of the following:

<i>Jordanian Dinar</i>	<b>For the year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Income tax expense for the year	(48,250)	-
Deferred tax assets for the year	-	600,000
	<b>(48,250)</b>	<b>600,000</b>

Reconciliation between taxable income and accounting (loss) profit is as follows:

<i>Jordanian Dinar</i>	<b>For the year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Accounting loss	(1,277,620)	(583,043)
Taxable adjustments	-	472,958
<b>Taxable (Loss) profit</b>	<b>(1,277,620)</b>	<b>(110,085)</b>
Due income tax	(48,250)	-
<b>Income tax</b>	<b>(48,250)</b>	<b>-</b>

The effective income tax rate for the group during the year is zero due to the group realized losses.

The company reached to a final clearance with the Income and Sales Tax Department up to the year-end 2014, and submitted its tax return for the year 2016 and 2015 and no final clearance obtained up to the date of these consolidated financial statements.

Income and Sales Tax Department completed the audit of Al-Ada'a for Real Estate Development Company (Subsidiary Company) till the end of 2015 and issued its decision to claim the Company to pay income tax amounted to JOD 223 K for the years 2012 and 2013, where the Company appealed to the Tax Court and demanding for tax refund in the interest of the Company, this case is still pending at the Court, the Group position is good based on the opinion of the Group's management, its tax advisor and the lawyer.

**12) Financial assets at fair value through statement of profit or loss**

<i>Jordanian Dinar</i>	<b>As of December 31,</b>	
	<b>2017</b>	<b>2016</b>
Investments in local Companies shares	118,923	306,420
Investments in foreign Companies shares	8,139,794	8,502,727
	<b>8,258,717</b>	<b>8,809,147</b>

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**13) Other debit balances**

<i>Jordanian Dinar</i>	As of December 31,	
	2017	2016
Income tax deposits	215,849	214,538
Cheques under collection*	51,000	74,760
Refundable deposits	29,571	27,871
Accrued rent revenue	24,134	9,692
Rent receivable	3,850	100,000
Prepaid expenses	3,339	7,790
Dividends receivable	-	9,935
Others	3,190	1,762
	<b>330,933</b>	<b>446,348</b>

\*This item represents checks collected from customers which is due within more than three months and less than one year.

**14) Related parties transactions**

Transactions with related parties that are made with associates and key administrators and key partners in the Group and institutions controlled in whole or in part, or affect mainly on those entities related parties represent. The Group have approved the policy and conditions of transactions with related parties.

**14-1) Due from related parties**

<i>In Jordanian dinar</i>	Nature of relationship	Nature of activities	Volume of transaction		As of December 31,	
			2017	2016	2017	2016
Al-Baha for Investments Company	Subsidiary (Note 8)	Financing	23,534	45,219	10,618,924	10,595,390
First Ramtha for Investment Company	Associate	Financing	124	140	608,668	605,978
Citadel First for Financial Investments Company	Associate	Financing	-	-	3,937,066	3,937,066
					<b>15,164,658</b>	<b>15,138,434</b>
Impairment provision					(3,937,066)	(3,937,066)
					<b>11,227,592</b>	<b>11,201,368</b>

**14-2) Due to related party**

<i>In Jordanian dinar</i>	Nature of relationship	Nature of activities	Volume of transaction		As of December 31,	
			2017	2016	2017	2016
Board of directors receivables	Shareholders	Expenses	8,837	6,324	8,837	6,324
					<b>8,837</b>	<b>6,324</b>



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**14-3) Loan from related party**

<i>In Jordanian dinar</i>	<b>Nature of relationship</b>	<b>Nature of activities</b>	<b>As of December 31,</b>	
			<b>2017</b>	<b>2016</b>
Jordan Commercial Bank*	Major shareholder in bank, member of the board of directors	Financing	4,985,002	5,523,632
			<b>4,985,002</b>	<b>5,523,632</b>

\*This item represents financing from Jordan Commercial Bank as disclosed in banks loans note (18).

**14-4) Executive management salaries and remunerations**

Executive management short-term salaries, remunerations and transportation allowance amounted to JOD 273,573 for the year ended December 31, 2017 (2016: 259,928 JOD).

**15) Cash and Cash equivalents**

<i>Jordanian Dinar</i>	<b>As of December 31,</b>	
	<b>2017</b>	<b>2016</b>
Cash on hand	1,933	7,059
Cash at banks - Current accounts*	9,202	287,359
Cheques under collection due within 3 months **	38,250	57,900
	<b>49,385</b>	<b>352,318</b>

\* This item includes accounts earning annual interest rate at 1%.

\*\* This item represent cheques collected form customers due within three months or less.

**16) Statutory reserve**

In accordance with the Jordanian Companies Law no. (22) for the year 1997 and its amendments, the public shareholding company shall deduct 10% of its annual net profit for the account of the statutory reserve, and shall continue to deduct the same percentage each year provided that the total amounts for the said reserve shall not exceed 25% the company's paid up capital.

**17) Fair value reserve**

<i>Jordanian Dinar</i>	<b>As of December 31,</b>	
	<b>2017</b>	<b>2016</b>
Balance at the beginning of the year	(5,696,383)	(10,613,063)
<b>Fair value reserve changes:</b>		
Change during the year	(1,828,820)	5,172,576
Transferred to retained earnings due to sales	(112,807)	(255,896)
<b>Net change in fair value for the year</b>	<b>(1,941,627)</b>	<b>4,916,680</b>
<b>The reserve balance at the end of the year</b>	<b>(7,638,010)</b>	<b>(5,696,383)</b>

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**18) Bank loans**

<i>Jordanian Dinar</i>	<b>As of December 31,</b>	
	<b>2017</b>	<b>2016</b>
Bank loans due within one year	1,523,691	1,617,507
Bank loans due within more than one year	7,164,357	7,323,113
	<b>8,688,048</b>	<b>8,940,620</b>

Table below illustrates loans granted by local banks to finance the Group's working capital and projects under construction development expenses:

<b>Facilities Types</b>	<b>Interest rate</b>	<b>Currency</b>	<b>Maturity Date</b>	<b>As of December 31,</b>	
				<b>2017</b>	<b>2016</b>
Jordan Commercial Bank's loan	8%	JOD	April 1, 2023	4,641,090	5,060,805
Arab Jordan Investment Bank's loan	7.5%	JOD	October 5, 2023	2,753,475	2,880,554
Al-Etihad Bank's loan	9.75%	JOD	November 30, 2019	577,739	-
Egyptian Arab Land Bank's loan	8.75%	JOD	October 30, 2019	371,832	536,434
Jordan Commercial Bank' loan	8%	JOD	April 30, 2020	343,912	462,827
				<b>8,688,048</b>	<b>8,940,620</b>

- Loans granted against mortgages of investments properties (lands) amounted to JOD 9,574,098 (Note 9).
- Mortgage of 1,199,998 shares from Jordan Commercial Bank shares in order to grant a loan from Arab Jordan Investment Bank (note7).
- Mortgage of 1,250,000 shares from Jordan Commercial Bank shares in order to grant a loan from Al-Etehad Bank amounted to JOD 600,000 during 2017 (note7).
- On August17, 2017, the management rescheduled the Egyptian Arab Land Bank loan granted to First Jordan Investment Company.
- On December 27, 2017, the management rescheduled the Arab Jordan Investment Bank loan granted to Al- Taher for Investment and Real Estate Development Company (subsidiary).
- On December24, 2017, the management rescheduled the Jordan Commercial Bank loan granted to Al-Ada'a for Real Estate Development and Leasing company (subsidiary).

**19) Accounts payable and other credit balances**

<i>Jordanian Dinars</i>	<b>For the year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Brokers payables	538,877	557,490
Rent revenues received in advance	354,613	342,638
Accrued expenses and deferred checks	305,193	250,316
Income tax provision (note 11)	95,539	95,539
Accrued interest expense	24,266	261,824
Others	22,901	27,873
	<b>1,341,389</b>	<b>1,535,680</b>

**20) Rental revenues**

<i>Jordanian Dinars</i>	<b>For the year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Rental revenues Al-Rabyah building	612,921	605,320
Rental revenues Al-shomaysani building	-	570,000
	<b>612,921</b>	<b>1,175,320</b>

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**21) Net gains (losses) from financial assets at fair value through profit or loss**

<i>Jordanian Dinar</i>	<b>For the year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Net gain from selling financial assets	26,619	17,687
(Losses) gain from revaluation financial assets	(385,499)	(958,627)
Dividends	482,508	571,009
	<b>123,628</b>	<b>(369,931)</b>

**22) Investment property expenses**

<i>Jordanian Dinar</i>	<b>For the year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Depreciation	398,560	394,910
Property taxes	229,831	246,898
Services expenses	41,749	36,318
Security and protection expenses	25,156	9,900
Maintenance	32,755	73,638
Others	-	8,313
	<b>728,051</b>	<b>769,977</b>

**23) Administrative expenses**

<i>Jordanian Dinar</i>	<b>For the year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Salaries and wages	287,598	283,862
Board of directors transportation allowance	46,512	40,786
Professional fees	38,800	34,718
Bank charges	28,422	13,164
Governmental expenses	26,085	25,633
Depreciation	24,858	24,984
Advertisement expenses	19,200	17,945
Social security contribution	14,876	14,009
General assembly meeting	9,221	7,269
Telephone and post mail	8,019	7,627
Insurance	7,373	6,763
Subscriptions and Computer services	6,752	12,431
Utilities expenses	6,164	10,003
Employees travel and transportation	5,796	4,593
Hospitality and cleaning	4,768	4,239
Stationary and printings	3,140	2,587
Maintenance	1,866	8,074
Board of directors meetings	1,800	1,650
Other	9,767	8,149
	<b>551,017</b>	<b>528,486</b>



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**24) Other income (Net)**

<i>Jordanian Dinar</i>	<b>For the year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Other revenues	26,801	12,954
Gains from reconciliations with contractors	-	110,509
Doubtful accounts	-	(1,706)
	<b>26,801</b>	<b>121,757</b>

**25) Net finance expense**

<i>Jordanian Dinar</i>	<b>For the year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Bank deposits interest revenues	732	2,879
Loans interest	(662,678)	(774,913)
Interest on margin accounts	(48,610)	(50,447)
	<b>(710,556)</b>	<b>(822,481)</b>

**26) Basic and diluted earnings per share**

<i>Jordanian Dinar</i>	<b>For the year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Loss for the year attributable to the shareholders (JOD)	(1,277,620)	(583,043)
Weighted average number of shares (Share)	75,000,000	75,000,000
	<b>JOD / Share</b>	
Basic earnings per share (JD/Share)	<b>(0,017)</b>	<b>(0,008)</b>
Diluted earnings per share (JD/Share)	<b>(0,017)</b>	<b>(0,008)</b>

**27) Contingent liabilities**

<i>Jordanian Dinar</i>	<b>As of December 31,</b>	
	<b>2017</b>	<b>2016</b>
Bank Guarantees	155,500	155,500

The Company and others appears defendant (companies and individuals) in a lawsuit raised by the public right prosecutor and United Group Holdings Company PLC, demanding the amount of JOD 72 Million. Where First Jordan Group owns 340,000 shares of United Group Holding PLC shares as of December 31, 2017, according to the Group's legal counsel opinion, the Group's position in this legal case is good, since the Company started the process of providing the court with defense evidences which proves that the Group did not seize any funds belonging to the United Group Holdings PLC, and that the Group was not consulted or involved in any decisions issued by the United Group Holdings PLC Board of Directors.

Income and Sales Tax Department completed the audit of Al-Ada'a for Real Estate Development Company (Subsidiary Company) till the end of 2015 and issued its decision to claim the Company to pay income tax amounted to JOD 223 K for the years 2012 and 2013, where the Company appealed to the Tax Court and demanding for tax refund in the interest of the Company, this case is still pending at the Court, the Group position is good based on the opinion of the Group's management, its tax advisor and the lawyer.

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**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 analysis 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. Group management undertakes both regular and reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**- 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 Cash at banks, due from related parties and other debit balances.

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:

	<b>Net book value As of December 31,</b>	
<i>Jordanian Dinar</i>	<b>2017</b>	<b>2016</b>
Due from related parties	11,227,592	11,201,368
Other debit balances	327,594	438,558
Cash at banks	47,452	345,259
	<b>11,602,638</b>	<b>11,985,185</b>

**- 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. In addition, the Group maintains line of credit from its bank for sudden cash requirements.



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The following are the contracted maturities of financial liabilities including estimated interest payments:

**Non-derivative financial liabilities:**

<i>Jordanian Dinar</i>	<b>Carrying value</b>	<b>Contractual cash flow</b>	<b>6 month or less</b>	<b>6-12 Month</b>	<b>More than one year</b>
<b>As of December 31, 2017</b>					
Bank Loans	8,688,048	(11,852,607)	(524,253)	(1,129,297)	(10,199,057)
Due to related parties	8,837	(8,837)	(8,837)	-	-
Accounts payable and other credit balances	1,341,389	(1,341,389)	(1,341,389)	-	-
	<b>10,038,274</b>	<b>(13,202,833)</b>	<b>(1,874,479)</b>	<b>(1,129,297)</b>	<b>(10,199,057)</b>
<b>As of December 31, 2016</b>					
Bank Loans	8,940,620	(11,024,065)	(1,383,438)	(939,910)	(8,700,717)
Due to related parties	6,324	(6,324)	(6,324)	-	-
Accounts payable and other credit balances	1,535,680	(1,535,680)	(1,535,680)	-	-
	<b>10,482,624</b>	<b>(12,566,069)</b>	<b>(2,925,442)</b>	<b>(939,910)</b>	<b>(8,700,717)</b>

**- 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**

The Company's major transactions are in Jordanian Dinar. Furthermore, its foreign currency transactions are limited to US Dollars. The Company's currency risk is related to changes in exchange rates applicable to settlements in foreign currencies. However, due to the fact that the Jordanian Dinar (the Company's functional currency) and the US Dollar are pegged, the Company's management believes that the foreign currency risk is immaterial.

The summary of quantitative data about the Group's exposure to foreign currency risk provided to management of the Group based on its risk management policy was as follows:

	<b>JOD</b>	<b>KWD</b>	<b>USD</b>	<b>Total</b>
<b>As of December 31, 2017</b>				
Financial assets at fair value through other comprehensive income	18,347,503	-	-	18,347,503
Financial assets at fair value through profit or loss	118,923	18,459	8,121,335	8,258,717
Due from related parties	11,227,592	-	-	11,227,592
Other debit balances	330,933	-	-	330,933
Cash and cash equivalents	49,385	-	-	49,385
Bank loans	(8,688,048)	-	-	(8,688,048)
Due to related parties	(8,837)	-	-	(8,837)
Accounts payable and other credit balances	(1,341,389)	-	-	(1,341,389)
	<b>20,036,062</b>	<b>18,459</b>	<b>8,121,335</b>	<b>28,175,856</b>

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<b>As of December 31, 2016</b>	<b>JOD</b>	<b>KWD</b>	<b>USD</b>	<b>Total</b>
Financial assets at fair value through other comprehensive income	20,824,667	-	-	20,824,667
Financial assets at fair value through profit or loss	306,208	25,875	8,477,064	8,809,147
Due from related parties	11,201,368	-	-	11,201,368
Other debit balances	446,348	-	-	446,348
Cash and cash equivalents	352,318	-	-	352,318
Bank loans	(8,940,620)	-	-	(8,940,620)
Due to related parties	(6,324)	-	-	(6,324)
Accounts payable and other credit balances	(1,535,680)	-	-	(1,535,680)
	<b>22,648,285</b>	<b>25,875</b>	<b>8,477,064</b>	<b>31,151,224</b>

**- Sensitivity analysis**

As indicated below, an increase (decrease) of the JOD against the KWD and USD as at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2016, although that the reasonably possible foreign exchange rate variances were different, as indicated below:

**Jordanian Dinar**

**As of December 31, 2017**

	<b>Increase Profit or loss</b>	<b>Decrease Profit or loss</b>
KWD (10% change)	1,846	(1,846)
USD (10% change)	812,134	(812,134)
	<b>813,980</b>	<b>(813,980)</b>

**Jordanian Dinar**

**As of December 31, 2016**

	<b>Increase Profit or loss</b>	<b>Decrease Profit or loss</b>
KWD (10% change)	2,587	(2,587)
USD (10% change)	847,706	(847,706)
	<b>850,293</b>	<b>(850,293)</b>

**- 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:

	<b>As of December 31,</b>	
<b>Jordanian Dinar</b>	<b>2017</b>	<b>2016</b>
<b>Fixed Rate Instruments:</b>		
Financial Liabilities	(8,688,048)	(8,940,620)
	<b>(8,688,048)</b>	<b>(8,940,620)</b>



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**Fair value sensitivity analysis for fixed rate instruments**

The Group 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.

**- Other markets 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.

**- Share price risk**

A change of 5% in fair value of the securities at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

*Jordanian Dinar*

	Equity	
	5% Increase	5% decrease
<b>As of December 31, 2017</b>		
Financial assets at fair value through other comprehensive income	917,375	(917,375)
Financial assets at fair value through profit or loss	412,936	(412,936)
	<b>1,330,311</b>	<b>(1,330,311)</b>
<b>As of December 31, 2016</b>		
Financial assets at fair value through other comprehensive income	1,041,233	(1,041,233)
Financial assets at fair value through profit or loss	440,457	(440,457)
	<b>1,481,690</b>	<b>(1,481,690)</b>

**- Capital management**

The Group's policy is to maintain a strong capital base so as 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 have been no changes in the group's approach to capital management during the year neither the group is subject to externally imposed capital requirements.

**Debt-to-adjusted Capital Ratio**

<i>Jordanian Dinar</i>	As of December 31,	
	2017	2016
Total Debt	10,038,274	10,482,624
(Less) cash and cash equivalent	(49,385)	(352,318)
<b>Net Debt</b>	<b>9,988,889</b>	<b>10,130,306</b>
<b>Adjusted capital</b>	<b>71,414,593</b>	<b>74,746,647</b>
<b>Debt-to-adjusted capital ratio</b>	<b>%14</b>	<b>14%</b>



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**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).

**A. Assets and liabilities that are measured at fair value on a recurring basis:**

<i>Jordanian Dinar</i>	<u>Book Value</u>	<u>Fair Value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b><u>As of December 31, 2017</u></b>				
Cash and cash equivalents	49,385	49,385	-	-
Financial assets at fair value through statement of other comprehensive income	18,347,503	18,329,044	-	18,459
Financial assets at fair value through statement of profit of loss	8,258,717	8,258,717	-	-
Bank loans	(8,688,048)	(8,688,048)	-	-
<b><u>As of December 31, 2016</u></b>				
Cash and cash equivalents	352,318	352,318	-	-
Financial assets at fair value through statement of other comprehensive income	20,824,667	20,798,792	-	25,875
Financial assets at fair value through statement of profit of loss	8,809,147	8,809,147	-	-
Bank loans	(8,940,620)	(8,940,620)	-	-

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

**B. Financial assets and liabilities that are not measured at fair value:**

Financial assets and liabilities that are not measured at fair value.				
Jordanian Dinar	Book Value	Fair Value		
		Level 1	Level 2	Level 3
<b><u>As of December 31, 2017</u></b>				
Due from related parties	11,227,592	-	11,227,592	-
Other debit balances	330,933	-	330,933	-
Accounts payable and other credit balances	(1,341,389)	-	(1,341,389)	-
Due to related parties	(8,837)	-	(8,837)	-
<b><u>As of December 31, 2016</u></b>				
Due from related parties	11,201,368	-	11,201,368	-
Other debit balances	446,348	-	446,348	-
Accounts payable and other credit balances	(1,535,680)	-	(1,535,680)	-
Due to related parties	(6,324)	-	(6,324)	-

\* 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**

The comparative figures represents the Group's Consolidated Financial Statements for the year ended December 31, 2016.