

**Afaq Holding for Investment  
& Real Estate Development  
P.L.C**



**شركة آفاق للإستثمار والتطوير العقاري  
القابضة المساهمة العامة المحدودة**

Number: 09/03/A S/2017  
Amman 09/03 /2017

الرقم: 03/11/أ ص/2017  
عمان في 09/03/2017

Messrs. Jordan Securities Commission  
Disclosure Department  
Amman-The Hashemite Kingdom of Jordan

السادة هيئة الأوراق المالية المحترمين  
دائرة الإفصاح  
عمان-المملكة الأردنية الهاشمية

Greetings,

تحية طيبة وبعد،

Pursuant to the provisions of the Securities Law, the instructions of disclosure for issuing companies, the accounting standards, and the auditing standards, please find enclosed:

استناداً لأحكام قانون الأوراق المالية وتعليمات إفصاح الشركات المصدرة والمعايير المحاسبية ومعايير التدقيق نرفق لكم طيه:

1. The eleventh annual report of the Board of Directors for the year that ended 31 December 2016 (five original copies).
2. A compact disc containing the annual report stored as a PDF file.
3. Consolidated financial statements for the year that ended 31 December 2016 (original copy).

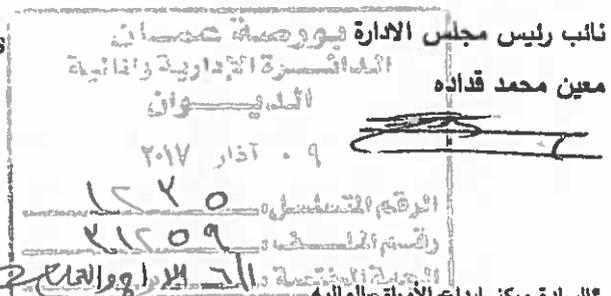
1. تقرير مجلس الإدارة السنوي الحادي عشر للسنة المنتهية 31 كانون الأول 2016 (نسخة أصلية عدد 5).
2. قرص مدمج يحتوي مادة التقرير السنوي مخزنة على PDF.
3. القوائم المالية الموحدة للسنة المنتهية 31 كانون الأول 2016 (نسخة أصلية).

Sincerely,

وتفضلوا بقبول فائق الاحترام والتقدير ،،،

Vice Chairman of the Board of Directors

Muin Mohammad Qadada



- \* Messrs. Securities Depository Center  
(Original copy of the annual report, original copy of the financial statements)
- \* Messrs. Amman Stock Exchange  
(Original copy of the annual report, original copy of the financial statements)

- \* السادة مركز إيداع الأوراق المالية  
(نسخة أصلية للتقرير السنوي، نسخة أصلية للقوائم المالية)
- \* السادة بورصة عمان  
(نسخة أصلية للتقرير السنوي، نسخة أصلية للقوائم المالية)



**His Majesty**

**King Abdullah II Bin Al-Hussein**





**His Royal Highness**

**Crown Prince Al Hussein Bin Abdullah II**





**Chairman of the Board of Directors**

**Engineer Ziad Khalaf Manasir**





**Vice Chairman of the Board of Directors**

**Mr. Muin Mohammad Abdullah Qadada**





**The Eleventh Annual Board of Directors' Report  
and the Consolidated Financial Statements  
for the Year That Ended on 31 December 2016**



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## Board of Directors

**Mr. Ziad Khalaf Moh'd Manasir**

**Chairman of the Board of Directors**

**Mr. Muin Mohammad Abdullah Qadada**

**Vice Chairman of the Board of Directors**

**Mr. Mohammad Khalaf Mohammad Almanasir**

**Member of the Board of Directors**

**Mr. Ahmad Khalaf Moh'd Almanasir**

**Member of the Board of Directors**

**Mr. Please insert name as shown in passport**

**Member of the Board of Directors**

**Mr. Muin Mohammad Abdullah Qadada**

**General Manager**

**Messrs. Ghosheh & Co**

**Chartered Accountants**

Address by the Chairman of the Board of Directors

Messrs. Shareholders,

May the peace, mercy, and blessings of God be upon you,

At the outset, I would like to extend to all of you the warmest welcome on behalf of my colleagues Members of the Board of Directors and on my behalf in this eleventh annual meeting of the General Assembly, and I wish everyone a happy year carrying well-being for us and for our country whom may God preserve it, its King and people from every harm.

We are also pleased to review together the Annual report, the outcome of the Company's businesses, the Consolidated Financial statements, the Company's main achievements during the year of 2016 and what we seek for during 2017 and the subsequent years, and to listen to your suggestions and opinions to the benefit and well-being of our company.

Last year was difficult both internal and external wise, whereby the difficult economic situation overshadowed companies' activities in general, and despite the difficult conditions, Afaq Holding for Investment and Real Estate Development spared no effort through its subsidiary companies being the Jordanian Modern for Ready Mix Concrete, Advanced for Transport and Land Shipping Services, and Visions for Maintenance and Spare Parts to develop their businesses on several levels and application of their best practices to enrich work to continue providing their best to their honorable clients.

The financial results of the company showed a decline in the after-tax net profits during the year of 2016 at the rate of 16% as a result of decreased sale prices due to stiff competition during the year of 2016.

Whereas the consolidated net profits amounted to 9,720,985 Jordanian Dinars compared to the amount of 11,561,822 Jordanian Dinars in 2015. The Company's consolidated sales and revenues amounted to 97,391,757 Jordanian Dinars compared to the amount of 90,480,710 Jordanian Dinars in 2015.

The Members of the Board of Directors also recommended the distribution of profits at the rate of 11.25% of the nominal value of each share, equivalent to the amount of 112.5 Fils per each share, which amounted to the total of 9,000,000 Dinars.

In conclusion, allow me to extend profound thanks to our honorable shareholders for their standing trust, my colleagues the Members of the Board of Directors, the General Managers of the subsidiary companies, all the employees for their remarkable extended efforts during the year of 2016, and in particular the delegate of his excellency the Controller of Companies, beseeching the Almighty to guide us all to what services our company in order for excellency to be our motto and achievement during the year of 2017 under the leadership of His Majesty King Abdullah II Bin Al-Hussein may God protect .

Sincerely,

Chairman of the Board of Directors

Ziad Khalaf Moh'd Manasir



Chairman of the Board of Directors  
Ziad Khalaf Moh'd Manasir

The Eleventh Annual Board of Directors' Report 2016

**First:** Description of the Company's main activities, its geographical locations, volume of capital investment and the number of employees

**A. The Company's main activities:**

The Company's main activity is represented in the following:

- 1- Management of its subsidiary companies or participating in the management of other companies to which it has a stockholding therein.
- 2- Investment of its funds in shares, bonds and securities.
- 3- Provision of loans, guarantees and finance for its subsidiary companies.
- 4- Owning patents, trademarks, franchises, and other moral rights, exploiting and leasing same to its subsidiary companies or to others.

**B. The Company's geographical locations and number of its employees:**

- 1- Company's offices: Amman - Al Manaseer Group building – Al Jandaweel district - King Abdullah II Street, Building No. 302, opposite to Zain Company.
- 2- The Company does not have any other branches whether inside or outside Jordan.
- 3- The Company has two employees, where employees are appointed based on the vacancies and work needs.

**C. The Company's volume of capital investment**

The capital investment has reached an amount of (121,000,000) Jordanian Dinars until the end of 2016 compared to the amount of (96,000,000) Dinars until the end of 2015.

**Second:** Description of the subsidiary companies and the nature of their work and fields of activity.

- The Company has the following affiliates companies:

<u>Description</u>	<u>First Subsidiary Company</u>	<u>Second Subsidiary Company</u>	<u>Third Subsidiary Company</u>
Company's Name	Jordanian Modern Ready Mix Concrete	Advanced for Transport and Land Shipping Services	Visions for Maintenance and Spare Parts
Legal Entity	Limited liability	Limited liability	Limited liability
Main Activity	Manufacturing and selling ready mix concrete for construction	Land transport and shipping inside and outside the Kingdom	Maintenance, spare parts, and manufacturing steel structures
Share Capital	JD 3,356,000	JD 1,000,000	JD 50,000
Ownership Percentage	100%	100%	100%
Company's Address	Amman-Al-Jandaweel District	Amman-Almoqabaleen	Amman-Almoqabaleen
Number of Employees	319	838	243
Company's Branches	Moqabaleen, Sweileh, Marka, Aqaba, Jordan Valley, Irbid, Jiza	Amman - Aqaba	None

**Third: Statement of Names of the Board of Directors' Members and Names and Positions of the Senior Management Staff with Executive Power Along With Their Profiles:**

#	Members of the Board of Directors	Position	Date of Birth	Nationality	Academic Qualification	Experiences	Membership of other Boards of Directors
1	Mr. Ziad Khalaf Moh'd Manasir	Chairman of the Board of Directors	1965	Jordanian	Bachelor of Science in Petroleum Engineering 1988	Businessman and owns several companies operating in various fields	- United Iron & Steel Manufacturing Company - Afaq Energy Company
2	Mr. Muin Mohammad Abdullah Qadada	Vice Chairman of the Board of Directors	1965	Jordanian	Bachelor of Physical Education 1988	General Manager of Al Manaseer Group companies for several years	- Mediterranean and Gulf Insurance Company (Medgulf-Jordan) - United Iron & Steel Manufacturing Company - Afaq Energy
3	Mr. Ahmad Khalaf Moh'd Almanasir	Member of the Board of Directors	1982	Jordanian	Bachelor of Business Administration	Experience in management of Al Manaseer Group companies	- Afaq Energy
4	Mr. Mohammad Khalaf Mohammad Almanasir	Member of the Board of Directors	1982	Jordanian	Bachelor of Business Administration	Experience in management of Al Manaseer Group companies	None
5	Mr. Wa'el Tayseer Salem Almujaally	Member of the Board of Directors	1983	Jordanian	Diploma Degree	Experience in management of Al Manaseer Group companies	None

**Senior Management Staff with Executive Power:**

#	Name	Position	Date of Employment	Date of Birth	Nationality	Academic Qualification	Experiences	Membership of other Boards of Directors
1	Mr. Muin Mohammad Abdullah Qadada	General Manager	2/4/2012	1965	Jordanian	Bachelor of Physical Education 1988	Experience in management of Al Manaseer Group companies	Mediterranean and Gulf Insurance Company (Medgulf-Jordan) - United Iron & Steel Manufacturing Company - Afaq Energy Company
2	Mr. Hani Ali Abdallah Abu Elayyan	Financial Manager	from 1/1/2008 to 1/12/2016	1973	Jordanian	Bachelor of Accounting-1996 specialized professional certificate	-From 1996 to 2003 experience in accounting and auditing works. -From 2003 until now experience in the financial management of the subsidiary companies of Al Manaseer Group.	None

**Fourth: Names of Top Owners of the Shares Issued by the Company and the number of shares owned by each of them, which exceeds 5% of the total number of Shares issued by the Company as described in the below table:**

Shareholder's Name	Number of shares held as on 31/12/2015	Percentage	Number of shares held as on 31/12/2016	Percentage
Al Manaseer Group for Industrial and Commercial Investments	68,616,050	86%	68,616,050	86%

**Fifth: The Competitive Position of the Company:**

**The company's main area of activity is focused on contributing in the following companies:**

**The Jordanian Modern for Ready Mix Concrete Company (“Manaseer Ready Mix”)** the Company owns 100% of its share capital and its engaged in manufacturing and selling ready mix concrete for construction and has branches geographically spread and located throughout the Kingdom to ensure providing its services with ease and with the lowest possible time and which increase its production capacity to form the largest market share in the Jordanian market, which qualifies it to play the leadership role in the local market, which is characterized by stiff competition especially with the existence of several companies working in the same field.



**Advanced for Transport and Land Shipping Services Company**, the Company owns 100% of its share capital and it is currently engaged in the field of land transport and shipping in the local market, which is also characterized by stiff competition, therefore, the company is motivated to develop its fleet and providing all what is new.



**Visions for Maintenance and Spare Parts Company**, the Company owns 100% of its share capital and it is engaged in the field of Maintenance, spare parts, and manufacturing steel structures, which is also characterized by stiff competition, therefore, the company is motivated to provide all the services with the highest quality through upgrading and developing the equipment, and provision of after sales services.



The company does not have any external activities, and the company cannot determine and evaluate its market share in the local market due to the unavailability of the needed statistics, but as per our

estimates, the Jordanian Modern for Ready Mix Concrete Company (subsidiary) is the first company in Jordan as a supplier of ready mix concrete.

**Sixth: Extent of reliance on specific suppliers locally or externally**

No reliance on specific suppliers or major customers locally or externally whom constitute 10% or more of the total purchases and sales.

**Seventh: Description of any governmental protection, franchises, or any patents that the Company enjoys.**

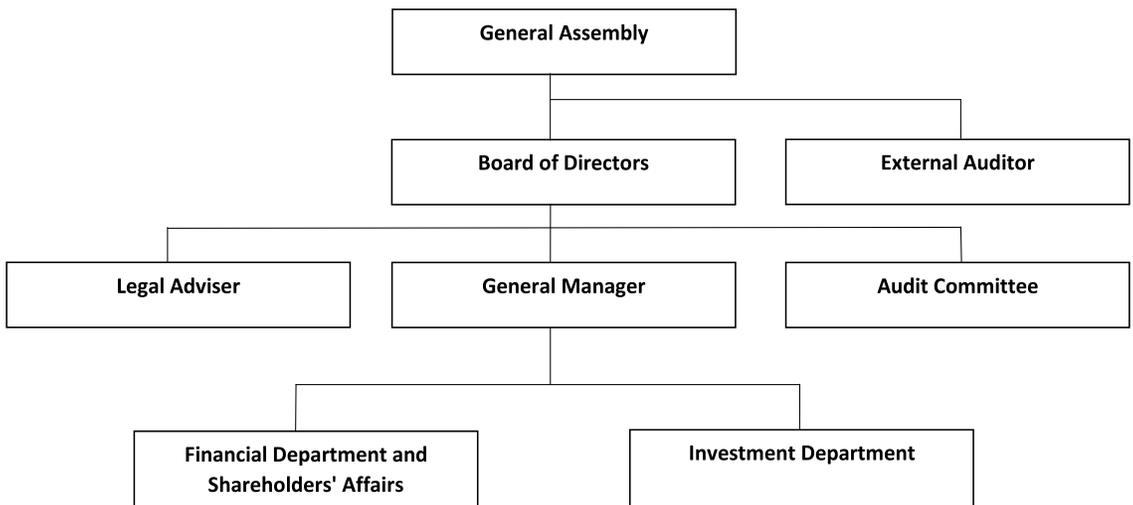
- There is no governmental protection or privileges that the Company or any of its products enjoy pursuant to the laws, regulations or otherwise.
- There are no patents or franchises obtained by the Company.

**Eighth: Description of any decisions issued by the government or the international organizations that have a material effect on the Company's business and its competitiveness.**

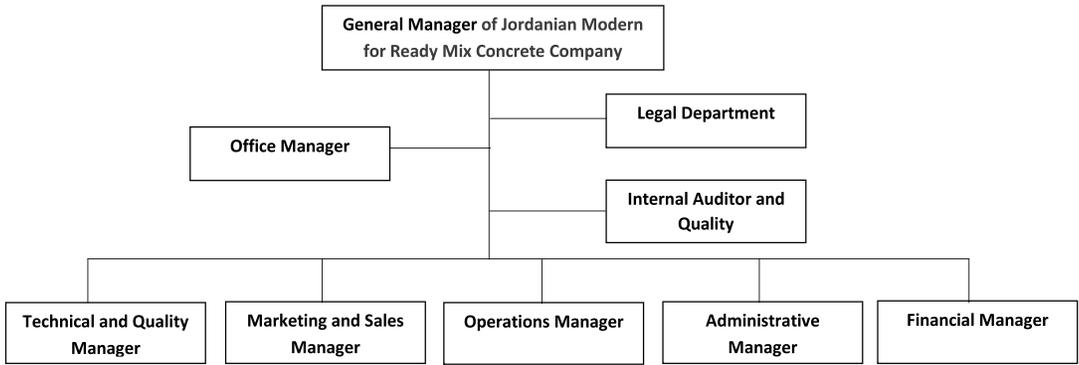
- There are no decisions issued by the government, the international organizations, or otherwise which have a material effect on the Company's business, its products or its competitiveness.
- International quality standards do not apply on the Company, and the Company does not implement international quality standards.

**Ninth: The organizational structure of the Company, number of its employees, and rehabilitation and training programs.**

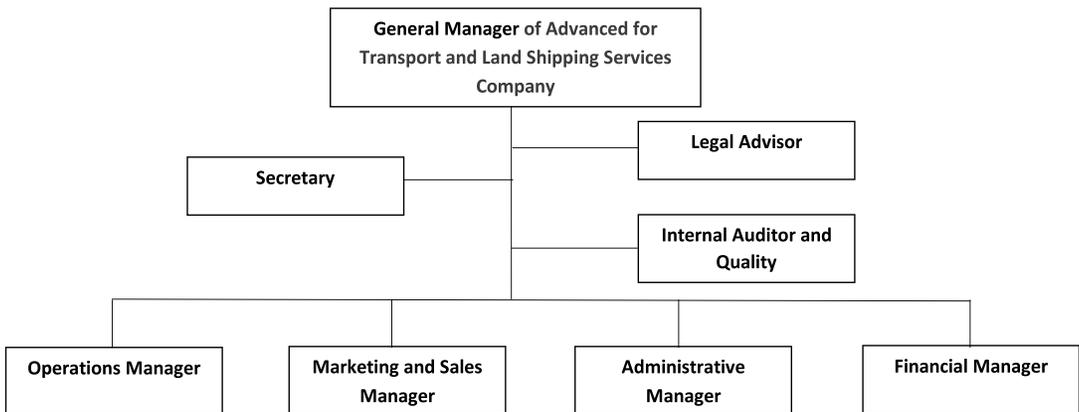
**A. The organizational structure of the Company and its subsidiary companies:**



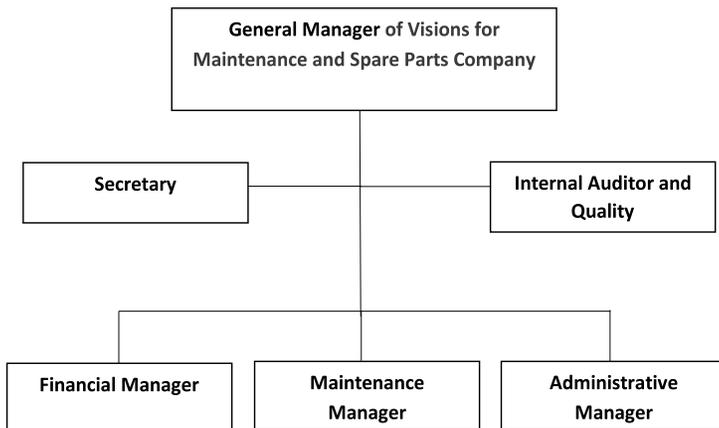
**A. The organizational structure of the Jordanian Modern for Ready Mix Concrete Company:**



**B. The organizational structure of the Advanced for Transport and Land Shipping Services Company:**



**C. The organizational structure of Visions for Maintenance and Spare Parts Company:**



**D. Number of employees of the parent Company and its subsidiary companies and their qualifications' categories:**

Sequence	Academic Qualification	Number of Parent Company Employees	Number of The Jordanian Modern for Ready Mix Concrete Company Employees	Number of Advanced for Transport and Land Shipping Company Employees	Number of Visions for Maintenance and Spare Parts Company Employees
1	Master	-	1	3	2
2	Bachelor	2	80	51	28
3	Diploma	-	58	19	12
4	High school and below	-	180	765	201
<b>Total</b>		<b>2</b>	<b>319</b>	<b>838</b>	<b>243</b>

**E. Rehabilitation and training programs for the Company's employees.**

The Financial Manager was nominated to attend a workshop on Islamic investment instruments at Amman Stock Exchange.

**Tenth: Description of the risks that face the Company.**

There are no risks faced or possible to be faced by the Company during the subsequent year which have a material effect on the Company.

**Eleventh: Accomplishments of the Company and the significant events experienced by the Company during the year of 2016:**

Despite the conditions of stiff competition, Afaq Holding for Investment and Real Estate Development Company was able to achieve accomplishments through its subsidiary companies:

**The Jordanian Modern for Ready Mix Concrete:**

The Company has established and developed a department for transporting, pumping, and manufacturing ready mix concrete for the first time in Jordan through Advanced for Transport and Land Shipping Services Company whereby it purchased mixers which transport ready mix concrete on a concrete casting belt with a length of 17 meters and pump the concrete concurrently to the projects without any pumps, and a truck was purchased which manufactures ready mix concrete of all tensile strengths, transports and casts same directly to projects and pumps.

- The number of concrete transportation silos has also been increased with various loads and concrete transportation mixers which is considered to have the largest loads globally, and modern concrete pumps with large sizes considered one of the largest sizes globally, and that is through Advanced for Transport and Land Shipping Services Company.

- Establishment of an integrated production line and development of a new product "concrete barriers" to meet the increasing demand of the public and private market.

Installation of three mobile batch plants (mobile mixer) at the sites of (Alghabawy, Alkhirba Alsmara', and Deir A'lla) to cover big temporary projects.

**Advanced for Transport and Land Shipping Services Company:**

With God’s praise, the year of 2016 witnessed the completion of the substitution and replacement plan of the trucks fleet, whereby the number of our trucks has reached 400 transportation trucks between medium and heavy, which supported the increase of activity and the expansion in the field of land transportation and shipment, as the increase was represented in the following:

- Establishment of a department for flatbed trucks for the transportation of all types and sizes of goods and containers, and it is one of the largest flatbed trucks globally.
- Establishment of a department for small tippers with a load of 21 meters for transporting bulk materials (gravel and soil of all types, forms, and sizes).
- Establishment of a department for lowboy truck for the transportation of equipment, tools, and heavy machineries of various types and sizes.
- Increasing the number of winch trucks for transporting all types of concrete products with various loads which are considered one of the largest sizes of winch trucks in Jordan.

**Visions for Maintenance and Spare Parts Company:**

The Company seeks to provide all that is new through the ongoing improvement of equipment to keep pace with the modern machinery, and works on the ongoing training of its personnel in order to achieve its tasks in the soonest time and with least effort, whereby the Company became a provider of maintenance services to all external clients and was no longer merely restricted to subsidiary companies.

**Twelfth: The financial impact of operations with a non-recurring nature which occurred during the year and were not within the Company's main activities:**

- There is no financial impact of operations with a non-recurring nature which occurred during the year and were not within the Company's main activities.

**Thirteenth: The time series of realized profits and losses, distributed dividends, net shareholders' rights, and securities' prices.**

Statement	2016	2015	2014	2013
Profits (Loss)	9,720,985	11,561,822	9,176,322	7,677,434
Distributed Dividends *	10,000,000	8,800,000	7,200,000	9,600,000
Net Shareholder's Rights	96,287,697	96,566,712	93,804,890	91,828,568
Securities' Prices	1,62	1,47	1,65	1,76

\* The distribution of cash dividends to the shareholders in the amount of 9000000 Dinars during the year of 2017 is proposed.

**Fourteenth: Analysis of the Company's Balance Sheet and its outcome of activities during the fiscal year.**

Indices	2016	2015
Earnings per share (in Dinars)	12%	14%
Return on investment %	5%	8%
Return on shareholders' rights %	10%	12%
Trading ratio	1:0.82	1:1.18
Working capital (Dinar)	(12,265,361)	6,711,103

**Fifteenth: Developments, the Company's future plan for the year of 2017, and the Board of Directors' expectations.**

- Afaq Holding for Investment and Real Estate Development through its subsidiary companies seeks the reduction of costs to increase its revenues by increasing the production, and utilizing the photovoltaic project.
- Provision of all that is modern and developed which elevates us to serve the clients and facilitating business, and we will work on opening new markets in achieving a significant growth of sales and revenues and subsequently being reflected on the net-profit growth.

**Sixteenth: Fees of the auditors**

The fees of the Company's auditors Messrs. Ghosheh & Co amounted to an amount of 6,000 dinars excluding sales tax.

And the auditors' fees in the subsidiary companies (before sales tax) are as follows:

Company	Amount
Jordanian Modern for Ready Mix Concrete	5,000
Advanced for Transport and Land Shipping Services	2,500
Visions for Maintenance and Spare Parts	2,000

**Seventeenth: Statement of the number of securities owned by members of the Board of Directors and their relatives and by the employees of senior management as on 31/12/2016:**

#	Name	Position	Nationality	Number of shares owned on 31/12/2016	Number of shares owned on 31/12/2015
1.	Mr. Ziad Khalaf Moh'd Manasir	Chairman of the Board of Directors	Jordanian	1,000	1,000
2.	Mr. Muin Mohammad Abdullah Qadada	Vice Chairman of the Board of Directors	Jordanian	625,000	625,000
3.	Mr. Mohammad Khalaf Mohammad Almanasir	Member of the Board of Directors	Jordanian	1,386,000	1,386,000
4.	Mr. Ahmad Khalaf Moh'd Almanasir	Member of the Board of Directors	Jordanian	1,386,000	1,386,000
5.	Mr. Wa'el Tayseer Salem Almujally	Member of the Board of Directors	Jordanian	1,000	-
6.	Mr. Hani Ali Abdallah Abu Elayyan	Financial manager until the date of 1/12/2016	Jordanian	-	-

There are no shares owned by the relatives of any of the members of the Board of directors or the Senior Management of the Company.

- The members of the Board of Directors Messrs.Ziad Khalaf Manasir, Muin Mohammad Qadada, Ahmad Khalaf Almanasir, and Mohammad Khalaf Almanasir control the management of Al Manaseer Group for Industrial and Commercial Investments which owns 86% of the share capital.

**Eighteenth: The privileges and remunerations which are enjoyed by each of the Chairman, the members of the Board of Directors, and the senior management staff with executive power.**

#	Member's Name	Position	Salaries	Remunerations	Travel Allowances	Privileges and Other Allocations	Total
1.	Mr. Ziad Khalaf Manasir	Chairman of the Board of Directors	-	5,000	-	-	5,000
2.	Mr. Muin Mohammad Qadada	Vice Chairman of the Board of Directors	-	5,000	-	-	5,000
3.	Mr. Mohammad Khalaf Almanasir	Member of the Board of Directors	-	5,000	-	-	5,000
4.	Mr. Ahmad Khalaf Almanasir	Member of the Board of Directors	-	5,000	-	-	5,000
5.	Mr. Wa'el Tayseer Salem Almujally	Member of the Board of Directors	-	5,000	-	-	5,000
6.	Mr. Hani Ali Abdallah Abu Elayyan	Financial manager until the date of 1/12/2016	-	-	-	-	-
Total		-	-	25,000	-	-	25,000

**Nineteenth: Donations and grants paid by the Company.**

- There are no donations or grants that were paid by the Company during the fiscal year.
- The subsidiary companies have donated an amount of 75000 for various entities as a contribution in the local community during the year of 2016.

**Twentieth: Statement of contracts, projects, and commitments which the company concluded with its subsidiary, sister, or affiliated companies, or the Chairman and members of the Board of Directors, an employee, or their relatives.**

There are no contracts, projects, or commitments that Afaq Holding for Investment and Real Estate Development concluded with its subsidiary, sister, or affiliated companies, or the Chairman of the Board of Directors, members of the Board of Directors, or any employee in the Company, or their relatives.

**Twenty-first: The Company's contribution in the environmental protection or servicing the local community.**

- The Company has no contribution in environmental protection.
- Afaq Holding Company endeavored through its subsidiary companies the Jordanian Modern for Ready Mix Concrete, Advanced for Transport and Land Shipping Services, and Visions for Maintenance and Spare Parts to participate with the local community to relief the Country during the snowy polar lows and rain, whereby it participated through snow sweepers in opening the roads for citizens and providing assistance.

**Twenty-second: The number of the Board of Directors' meetings during the year of 2016.**

- The Company's Board of Directors held seven meetings during the year of 2016.



**Affirmations:**

- The Company's Board of Directors affirms that there are no substantial matters which may affect the continuity of the company during the following fiscal year.
- The Board of Directors affirms its responsibility for the preparation of the financial statements and the provision of an effective monitoring system in the Company.

Chairman of the Board of Directors

Ziad Khalaf Moh'd Manasir



Vice Chairman of the Board of Directors

Muin Mohammad Abdullah Qadada



Member

Mohammad Khalaf Mohammad Almanasir



Member

Ahmad Khalaf Moh'd Almanasir



Member

Mr. Wa'el Tayseer Salem Almujaally



- We the undersigned affirm the correctness, accuracy, and completeness of the information and data contained in the Annual report.

Chairman of the Board of Directors

Ziad Khalaf Moh'd Manasir



General Manager

Muin Mohammad Abdullah Qadada



Financial Manager

Nabeel Mahmmud Husain Al-Qaisieh



**Partially applied and entirely not applied rules of illustrative governance:**

**1. The Company's Board of directors**

	Item No.	Rule	Fully Applied	Partially Applied	Not Applied	Grounds
4	3	The legal person which is a member of the Board of Directors nominates a natural person to represent it for the duration of the Board.			*	All members of the Board of Directors are natural persons and no legal person exists amongst the members of the Board of Directors.

**A. The duties and responsibilities of the Board of directors**

	Item No.	Rule	Fully Applied	Partially Applied	Not Applied	Grounds	
	1	The internal regulations include the following duties, authorities, and responsibilities: - Elaborating strategies, policies, plans, and procedures which aid in achieving the Company's benefits and goals, maximizing shareholders' rights, and servicing the local community.				The duties, authorities, and responsibilities of the Board of Directors are in line with the requirements of the Companies Law.	
	4	- Elaborating a management policy for the risks which may face the Company.					
	6	- Announcements are made in advance regarding the time of disclosing the financial statements at least three business days before its announcement time.					
	7	- Elaborating the Company's disclosure and transparency policy and monitoring its implementation according to the requirements of the oversight bodies and applicable laws.					
	8	- Elaborating procedures which prohibit the Company's insider persons from exploiting secret internal information to achieve material or moral gains.		*			
	9	- Elaborating a clear authorization policy in the Company which specifies the authorized personnel and the extent of their authorizations.					
	14	- Elaborating a mechanism to receive the complains and suggestions provided by the shareholders.					
	14	- Listing the shareholders' suggestions related to certain topics on the schedule of the General Assembly in a manner which guarantees its examination and taking the appropriate decision thereon during a specific time period.					
	16	- Elaborating a policy which regulates the relationship with the stakeholders.					
	15	- Adopting the foundations of granting incentives, remunerations, and privileges concerning the members of the Board of Directors and the executive administration.					
	17	- Elaborating written rules of procedure to apply the rules of good governance in the Company, its revision, and estimating the extent of its application.					
5	12	A special section for internal audit and oversight is being established whose task is assuring the commitment to implement the provisions of the legislations in force and the requirements of the oversight bodies, in addition to the internal regulations, policies, plans, and procedures elaborated by the Board of Directors.			*		The Company is a holding company, and the scale of its activity and operations does not require the establishment of a section for internal audit and oversight.

**B. The committees being formed by the Board of Directors**

	Item No.	Rule	Fully Applied	Partially Applied	Not Applied	Grounds
1	7	An adequate number of committees shall be formed according to the Company's need and conditions, in order to enable the Board of Directors to perform its tasks efficiently, and such committees shall be specified with tasks, durations, and particular authorities.			*	Because the Board of Directors directly supervises the Company's businesses.
2	1/b	The Board of Directors forms a permanent committee called the Nominations and Remunerations Committee.		*		The matters entrusted in the Nominations Committee are directly performed by the Board of Directors.
3	2	The Audit, Nominations and Remunerations Committee are formed by non-executive members of the Board of Directors, whose number is not less than three provided that two of which are from the independent members and for the Committee to be chaired by one of those independent members.		*		A Nominations and Remunerations Committee has not been formed yet in the Company from the members of the Board of Directors, because the Company is a holding company and the scale of its activity and operations does not require such formation.
4	3	Each of both committees, with the approval of the Board of Directors, elaborates written rules of procedure which regulates its function and specifies its obligations.		*		A Nominations and Remunerations Committee has not been formed yet in the Company from the members of the Board of Directors, because the Company is a holding company and the scale of its activity and operations does not require such formation.
6	5	Each of both committees to submit its decisions and recommendations to the Board of Directors, and a report on their works in the Company's ordinary General Assembly meeting.		*		A Nominations and Remunerations Committee has not been formed yet in the Company from the members of the Board of Directors, because the Company is a holding company and the scale of its activity and operations does not require such formation.
7	1/b	The Nominations and Remunerations Committee performs the following tasks: 1- Assuring the independency of independent members in a constant manner. 2- Preparing the policy of granting remunerations, privileges, incentives, and salaries in the Company and annual revision thereof. 3- Specifying the Company's needs of qualifications at the level of senior executive administration, employees, and the basis of selection. 4- Preparing the policy of human resources, training in the Company, overseeing its application, and annual revision thereof.			*	A Nominations and Remunerations Committee has not been formed yet by the Board of Directors as the tasks of such Committee are directly performed by the Board of Directors.
8	6	The Nominations and Remunerations Committee enjoys the following authorizations: 1- Requesting any data or information from the company's employees who shall cooperate to provide such information in a complete and accurate manner. 2- Requesting the legal, financial, administrative, or technical advice from any external consultant. 3- Requesting the attendance of any employee of the Company to obtain any necessary clarifications.			*	A Nominations and Remunerations Committee has not been formed yet by the Board of Directors and its authorization has not been specified, because the Company is a holding company and the scale of its activity and operations does not require the formation of such committee.

**2- Meetings of the General Assembly**

	Item No.	Rule	Fully Applied	Partially Applied	Not Applied	Grounds
1	3	The Board of Directors shall extend an invitation to each shareholder to attend the General Assembly meeting, to the shareholder's respective email, 21 days before the scheduled date of the meeting, provided that adequate preparations		*		Invitations are extended to the shareholders 14 days prior to holding the meeting, and are delivered by hand or registered mail as the shareholders have no emails.

		and procedures are made to hold the meeting including choosing the place and time.				
2	6	The time and place of holding the General Assembly's meeting are announced in three local daily newspapers for at least two times and on the Company's website.		*		Announcements are made once in two daily newspapers about the scheduled date of the meeting in accordance with the provisions of Article (145) of the Companies Law.

**3- Disclosure and transparency**

	Item No.	Rule	Fully Applied	Partially Applied	Not Applied	Grounds
1	1	The Company elaborates written rules of procedure according to the disclosure policy adopted by the Board of Directors to regulate the matters of disclosing information and following up on its application according to the requirements of the oversight bodies and the legislations in force.		*		There are no written rules of procedure, but the disclosure requirements are completely complied with according to the disclosure instructions issued by the Securities Commission.
3	4	The Company uses its website to sustain disclosure, transparency, and provision of information.			*	The disclosure requirements are completely complied with according to the disclosure instructions issued by the Securities Commission.

**AFAQ HOLDING FOR INVESTMENT AND  
REAL ESTATE DEVELOPMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT CERTIFIED PUBLIC  
ACCOUNTANT'S REPORT  
YEAR ENDED DECEMBER 31, 2016**



**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT**



To the shareholders of  
Afaq Holding for Investment and Real Estate Development Company.

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Afaq Holding for Investment and Real Estate Development Company (P.L.C), which comprise of the consolidated statement of financial position as of December 31, 2016, and the related consolidated statements of comprehensive income, consolidated Statement of owners' equity and consolidated statement of cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Basis for Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position of Afaq Holding for Investment and Real Estate Development Company. (P.L.C) as of December 31,2016, and its consolidated financial performance and consolidated cash flows for the year then ended are in accordance with International Financial Reporting Standards.

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

**Key audit matters**

Key audit matters, according to our professional judgment are matters that had the significant importance in our auditing procedures that we performed to the consolidated financial statement. The basic auditing matters have been addressed in our auditing workflow to consolidated financial standards as we do not express separate opinions.

**Goodwill**

According to international financial reporting standards, the company must evaluate the goodwill and examine impairment, the goodwill, as of December 31, 2016 was 24,661,180 JD generated from two cash generation units; the first one is ready mix concrete which equals 12,330,590 JD and the second transportation and shipment which equal 12,330,590 JD.

The annual goodwill impairment is a significant auditing matter, considering the requirement of recoverable value estimation. The recoverable amount for cash generation units, which is the value in use for cash generating units, which is the value in use or fair value which is higher less cost of sales. Which is calculated using the discounted expected cash and methods These methods use several assumptions as in sales and future prices estimation, operating cost.

**Property, plant and equipment**

According to international financial, the company must review the useful life and depreciation method. Land perform impairment test to the value of property, plant and equipment that is reported in the financial statements in case of any events and conditions, the recoverable amount is calculated, the losses and calculated according to the decline of the value in assets. The management estimates the impairment of property and plants by assumptions. And estimation (if any).

**- Property, plant and equipment**

In accordance with the international financial reporting standard the company has to review the useful life and depreciation method and perform an impairment test to the reported amount of property, plant and equipment in the financial position, and in case of any impairment indications in the recoverable amount, the losses are calculated according to the impairment method in which the company determines the impairment in property and equipment by using assumptions and evaluations (if any).

**The following is a description of our auditing procedures:**

**-property, plant and equipment:**

The Auditing procedures included examining the control procedures used in the assertion of existence and completeness and reviewing the purchases and sells of property, and the basis of depreciation calculation, inspection matching as in ascertaining the procedures and there is no decline in value through evaluating the assumption and the efficiency of disclosures the company used for the property and equipment.

Accounts receivable and checks auditor collection according to international financial reporting standards, the company must calculate account receivable impairment provision the company estimate the decline of accounts receivable. By assumption and estimation. Account receivable provision has been recognize.

Followed procedures within the basic auditing matters.

**Goodwill**

The auditing procedures that we have performed include evaluating assumptions and methods used by the company, especially matters related to expected revenues and profit margin, we have also focused on the efficiency of the disclosures of the most sensitive assumption that are used by the company for impairment test that are of significant influence to determine the recoverable amount of goodwill.

**Property and equipment**

The auditing procedures included examining the control procedures used in the assertions of existence and completeness and reviewing the purchases and sells of property, and the basis of depreciation calculation, inspection matching as in ascertaining the efficiency of disclosures the company used for the property and equipment.

**Accounts receivable and checks under collections:**

The auditing procedures included control procedures used by the company for collecting accounts receivables and checks under collection, ascertaining a sample and clients accounts through direct confirmation, account receivable provision has been received as well, by the assumption the management uses by evaluating them, and evaluating the efficiency of the disclosures of account receivable.

**Other information:**

The management is responsible for other information.

Which includes other information reported in the final report, but not included in the consolidated financial statements and our audit report on it.

Our opinion does not include these other information, and we do not express any assertion over it regarding our consolidate financial statement we are obliged to review these other information, and while that, we consider the compatibility of these information with their consolidates financial statement. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

### **Management responsibility of the consolidated financial statements**

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

### **Certified public accountant responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require us to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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

- Evaluate the overall presentation, structure and content of the initial Financial Statements, including the disclosures, and whether the initial Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.
- We communicated with audit the Financial Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Legal requirements report**

The Company maintains proper books of accounts and the accompanying consolidated financial statements and the consolidated financial statements contained in the report of the board of directors in accordance with the proper books of accounts.

Ghosheh & Co.

Walid M. Taha  
License No.(703)

Amman- Jordan  
January 31, 2017

Ghosheh & Co.  
  
Walid M. Taha  
License No.(703)



A member of  
**Nexia**  
International

**AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	4	24,661,180	24,661,180
Property and equipment	5	95,430,384	69,976,263
Financial assets designated at fair value through statement of other comprehensive income	6	43,783	43,783
Restricted Cash at Bank	16	467,302	-
<b>Total non-current assets</b>		<b>120,602,649</b>	<b>94,681,226</b>
<b>Current assets</b>			
Prepaid expenses and other receivables	7	2,207,844	1,652,993
Inventory and Spare Parts	8	6,705,678	5,328,712
Accounts receivable and checks under collection	9	44,151,090	34,737,890
Financial assets designated at fair value through statement of comprehensive income		-	781,023
Cash and cash equivalents	10	2,191,192	506,909
		<b>55,255,804</b>	<b>43,007,527</b>
Property and equipment held for sale	11	-	2,384,951
<b>Total current assets</b>		<b>55,255,804</b>	<b>45,392,478</b>
<b>TOTAL ASSETS</b>		<b>175,858,453</b>	<b>140,073,704</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Owners' equity</b>			
Share capital	1	80,000,000	80,000,000
Statutory reserve	12	7,050,790	6,076,191
Proposed dividends	12	9,000,000	10,000,000
Retained earnings		236,907	490,521
<b>Total owners' equity</b>		<b>96,287,697</b>	<b>96,566,712</b>
<b>Non-current liabilities</b>			
Murabaha loans and long-term	16	4,392,775	-
Long Term Deferred cheques	17	7,656,816	7,210,568
<b>Total non-current liabilities</b>		<b>12,049,591</b>	<b>7,210,568</b>
<b>Current liabilities</b>			
Accrued expenses and other payables	13	2,683,933	3,604,075
Accounts payable	14	3,191,450	1,440,257
Deferred cheques			34,179,918
Notes Payable		8,009,483	-
Short Term Deferred cheques	17	43,135,714	26,969,350
Short Term Loans and long term Murabaha	16	3,780,422	-
Banks overdraft	18	6,720,163	4,282,742
<b>Total current liabilities</b>		<b>67,521,165</b>	<b>36,296,424</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>175,858,453</b>	<b>140,073,704</b>

The accompanying notes are an integral part of these consolidated financial statements

**AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT  
COMPANY**

(PUBLIC SHAREHOLDING COMPANY)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
YEAR ENDED DECEMBER 31, 2016  
(EXPRESSED IN JORDANIAN DINAR)**

	Note	2016	2015
Sales	19	<b>97,391,757</b>	90,480,710
Cost of sales		<b>(81,824,132)</b>	(74,032,724)
<b>Gross profit</b>		<b>15,567,625</b>	16,447,986
Administrative, selling and marketing expenses	20	<b>(3,891,029)</b>	(3,365,239)
Financial charges		<b>(806,736)</b>	(120,166)
Realized (Loss) from financial assets designated at fair value through statement of comprehensive income		<b>(38,779)</b>	-
Unrealized gains / (losses) from financial assets designated at fair value through statement of comprehensive income		-	52,154
Net revenues and other expenses	21	<b>257,859</b>	72,263
Directors remunerations		<b>(25,000)</b>	(25,000)
<b>Income before tax</b>		<b>11,063,940</b>	13,061,998
Income tax	22	<b>(1,342,955)</b>	(1,500,176)
<b>INCOME FOR THE YEAR</b>		<b>9,720,985</b>	11,561,822
Other comprehensive income :		-	-
<b>Total comprehensive income for the year</b>		<b>9,720,985</b>	11,561,822
<b>Earnings per share:</b>			
Earning per share-JD/Share		<b>0,12</b>	0,14
Weighted average of outstanding shares		<b>80,000,000</b>	80,000,000

The accompanying notes are an integral part of these consolidated financial statements

**AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**CONSOLIDATED STATEMENT OF OWNERS' EQUITY**  
**YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

	Note	Retained earnings						
		Share capital	Statutory reserve	Proposed dividends	Realized Gains	Unrealized Gains	Retained earnings	
Balance at January 1, 2015		80,000,000	4,917,509	8,800,000	87,381	-	87,381	93,804,890
Dividends Paid	12	-	-	(8,800,000)	-	-	-	(8,800,000)
Comprehensive income for the year		-	-	-	11,509,668	52,154	11,561,822	11,561,822
Transfers to Statutory reserve	12	-	1,158,682	-	(1,158,682)	-	(1,158,682)	-
Proposed dividends	12	-	-	10,000,000	(10,000,000)	-	(10,000,000)	-
Balance at December 31, 2015		80,000,000	6,076,191	10,000,000	438,367	52,154	490,521	96,566,712
Dividends Paid	12	-	-	(10,000,000)	-	-	-	(10,000,000)
Comprehensive income for the year		-	-	-	9,773,139	(52,154)	9,720,985	9,720,985
Transfers to Statutory reserve	12	-	974,599	-	(974,599)	-	(974,599)	-
Proposed dividends	12	-	-	9,000,000	(9,000,000)	-	(9,000,000)	-
Balance at December 31, 2016		80,000,000	7,050,790	9,000,000	236,907	-	236,907	96,287,697

The accompanying notes are an integral part of these consolidated financial statements

**AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
<b>OPERATING ACTIVITIES</b>			
Income before tax		11,063,940	13,061,998
Adjustments of income before income tax:			
Depreciation		5,507,711	5,755,607
Losses/(gains) from sale of property and equipment		(179,985)	18,108
Unrealized Gains / (losses) from financial assets designed at fair value through statement of comprehensive income		-	(52,154)
Realized losses from financial assets designed at fair value through statement of comprehensive income		38,779	-
Loss of property and equipment held for sale		20,902	-
Financial Charges		806,736	120,166
Paid Dividends		(22,690)	(11,013)
Changes in operating assets and liabilities:			
Accounts receivable and checks under collection		(9,413,200)	(4,308,451)
Inventory		(1,376,966)	(643,992)
Prepaid expenses and other receivables		(554,851)	132,126
Deferred checks		16,612,612	7,313,534
Accounts Payable		1,751,193	655,320
Accrued expenses and other payables		(756,741)	1,332,029
<b>Cash available from operating activities</b>		<b>23,497,440</b>	<b>22,373,278</b>
Financial charges paid		(806,736)	(120,166)
Income Tax Paid		(1,506,356)	(1,251,513)
<b>Net cash available from operating activities</b>		<b>21,184,348</b>	<b>22,001,599</b>
<b>INVESTING ACTIVITIES</b>			
financial assets designed at fair value through statement of comprehensive income		764,934	11,013
Purchase of property and equipment		(32,727,175)	(17,652,226)
Proceeds from sales of property and equipments		2,419,392	2,307,269
Proceeds from sales of property and equipments held for sale		1,889,985	-
<b>Net cash used in investing activities</b>		<b>(27,652,864)</b>	<b>(15,333,944)</b>
<b>FINANCING ACTIVITIES</b>			
Banks overdraft		2,437,421	1,997,187
Loans financing and Murabaha		8,173,197	-
Notes Payable		8,009,483	-
Dividends Paid		(10,000,000)	(8,800,000)
<b>Net cash used in financing activities</b>		<b>8,620,101</b>	<b>(6,802,813)</b>
<b>Net change in cash and cash equivalents</b>		<b>2,151,585</b>	<b>(135,158)</b>
Cash and cash equivalents, January 1		506,909	642,067
<b>CASH AND CASH EQUIVALENTS, December 31</b>	23	<b>2,658,494</b>	<b>506,909</b>
<b>Non-Cash Items</b>			
Transfer of property and equipment to property and equipment held for sale		474,064	2,384,951

The accompanying notes are an integral part of these consolidated financial statements

**AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT  
COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

**1. ORGANIZATION AND ACTIVITIES**

Afaq Holding for Investment and Real Estate Development Company (“the Company”) is a Jordanian Public Shareholding Company register red on November 30, 2005 under commercial registration number (375). After it has been decided to change the Company's legal status from a limited liability company to a public shareholding company. The Company's share capital is JD 80,000,000 and is divided into 80,000,000 shares each for JD 1.

The Principal activity of the Company is:-

- Management of its subsidiaries, or participation in the management of other companies which it is a shareholder therein.
- Investing its cash in shares, bonds and securities.
- Lending loans, guarantees and financing to its subsidiary Companies.
- Ownership of patents, trademarks, concession rights and other intangible rights and the exploitations And leasing thereof, to its subsidiaries or to other Companies.

The Company and subsidiaries' Headquarter is in Amman.

On December 31, the consolidated financial statement contained the subsidiaries' financial statements as follows:

Subsidiary company name	Registration place	Registration year	Vote and equity percentage	Principal activity
Jordan Modern Ready Mix Concrete L.T.D Company *	The Hashemite kingdom of Jordan	2000	100 %	Manufacturing and selling ready mix concrete for construction
Advanced Transportation and Shipping Services Co.	The Hashemite kingdom of Jordan	2001	100 %	Transportation and land shipping inside and outside Jordan
Visions For The Maintenance Of Spare Parts Company	The Hashemite kingdom of Jordan	2010	100%	Maintenance and industry Of trailers

\* According to Investment Encouragement Law, the subsidiary Company (Jordan Modern Ready Mix Concrete Co.) has obtained an income tax exemption of 75% except for Aqaba Special Economic Zone authority, as this exemption ends on December 31, 2019.

**AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT  
COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

According to Net Equity Method, book value of investment in subsidiaries as of December 31 is as follows:

	<b>2016</b>	2015
Book value of investment in Jordan Modern Ready Mix Concrete Company	<b>42,699,623</b>	41,598,823
Book value of investment in Advanced Transportation and Shipping Services Company	<b>33,529,304</b>	30,050,691
Book value of investment in Vision For The Maintenance of Spare Parts Company	<b>3,528,299</b>	3,083,159
	<b>79,757,226</b>	74,732,673

According to net equity method, the Company's share in subsidiaries gains for the year ended December 31, are as follows:

	<b>2016</b>	2015
Company's share in Jordan Modern Ready Mix Concrete Company gains	<b>5,235,800</b>	6,609,718
Company's share in Advanced Transportation and Shipping Services Co gains	<b>3,478,613</b>	4,313,321
Company's share in Visions For The Maintenance Of Spare Parts Company gains	<b>1,095,140</b>	715,163
	<b>9,809,553</b>	11,638,202

The subsidiaries assets, liabilities, revenues, profits and major item of assets and liabilities as of December 31, are as follows:

**A- Jordan Modern Ready Mix Concrete Company (L.T.D)**

	<b>2016</b>	2015
Total assets	<b>63,757,2</b>	53,561,123
Total liabilities	<b>33,388,1</b>	24,292,890
Total owners equity	<b>30,369,0</b>	29,268,233
Total revenues	<b>67,862,6</b>	65,154,840
Income for the year	<b>5,235,8</b>	6,609,718
Share capital	<b>3,356,0</b>	3,356,000
Partners current account	-	2,100,000
Accounts receivable and checks under collection	<b>33,092,9</b>	25,900,056
Inventories	<b>1,473,8</b>	1,146,278
Property and equipment	<b>26,351,0</b>	25,109,560
Banks overdraft	<b>3,088,6</b>	4,282,742
Deferred checks	<b>1,557,6</b>	-
Accounts payable	<b>26,085,4</b>	15,684,554
	<b>1,814,7</b>	994,883

**AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT  
COMPANY**

(PUBLIC SHAREHOLDING COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**YEAR ENDED DECEMBER 31, 2016**

(EXPRESSED IN JORDANIAN DINAR)

**B- Advanced Transportation and Shipping Services Company (L.T.D)**

	<u>2016</u>	2015
Total assets	90,187,605	62,728,594
Total liabilities	68,988,891	45,008,493
Total owners equity	21,198,714	17,720,101
Total revenues	37,587,969	32,117,047
Income for the year	3,478,613	4,313,321
Share capital	1,000,000	1,000,000
Partners current account	16,500,000	19,000,000
Account receivable and checks under collection	16,395,443	12,491,620
Spare parts and fuels	3,701,251	2,560,031
Property and equipment	68,349,455	44,218,575
Bank Drafts	3,631,466	-
Loans and Murabaha	6,615,524	-
Deferred checks	31,436,529	23,459,050

**C-Visions for the Maintenance of Spare Parts Company (L.T.D)**

	<u>2016</u>	2015
Total assets	5,004,855	5,236,214
Total liabilities	1,476,556	2,153,055
Total owner's equity	3,528,299	3,083,159
Total revenues	8,135,028	7,719,692
Share capital	50,000	50,000
Partners current account	-	750,000
Income for the year	1,095,140	715,163
Accounts receivable and checks under collection	2,475,255	2,472,125
Inventories and spare parts	1,530,542	1,622,403
Property and equipment	729,924	648,128
Deferred checks	1,080,794	1,162,225

**2. NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs ISSUED BUT NOT YET EFFECTIVE:-**

The following new standards and amendments to the standards have been issued but not yet effective and the Company intends to adopt these standards, where applicable, when they become effective.

<u>New Standards</u>	<u>Effective Date</u>
(IFRS) No.9 – Financial Instruments	January 1, 2018
(IFRS) No.15 – Contract Revenues	January 1, 2016
(IFRS) No.16 – Leases	January 1, 2019

Board of directors of the company expects that the application of these standards and interpretations will not have a substantial impact on the Company's financial statements.

**AFAQ HOLDING INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
YEAR ENDED DECEMBER 31, 2016  
(EXPRESSED IN JORDANIAN DINAR)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**The preparation of Financial Statements**

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

**Basis of preparation**

These consolidated financial statements, were presented in Jordanian Dinar as the majority of the Company's transactions are recorded in the Jordanian Dinar.

The consolidated financial statements have been prepared on historical cost basic, However financial assets and financial liabilities are stated at fair value. The following is a summary of significant accounting policies applied by the Company.

**Basis of consolidation financial statements**

The consolidated financial statements incorporate the financial statements of Afaq Holding Investment and Real Estate Development Company (Public Shareholding Company) and the subsidiaries controlled by the Company.

Control is achieved where the Company:

- Ability to exert power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- Ability to exert power over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above.

When the Company has less than a majority of the voting, The Company shall have control over the investee when the voting rights sufficient to give it the ability to direct relevant activities of the investee individually.

When The Company reassesses whether or not it controls an investee, it consider all the relevant facts and circumstances which includes:

- Size of the holding relative to the size and dispersion of other vote holders
- Potential voting rights, others vote-holders, and Other parties
- Other contractual rights
- Any additional facts and circumstances may indicate that the company has, or does not have, the current ability to direct the activities related to the time needed to make decisions, including how to vote at previous shareholders meetings.

The consolidation process begins when the company's achieve control on the investee enterprise (subsidiary), while that process stops when the company's loses control of the investee (subsidiary). In particular Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement, and the consolidated comprehensive income statement from the effective date of acquisition and up to the effective date of which it loses control of a subsidiary Company.

**AFAQ HOLDING INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED DECEMBER 31, 2016**  
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**Financial assets designated at fair value through statement of comprehensive income**

Financial assets are classified as at fair value through statement of income when the financial asset is either held for trading or it is designated as at fair value through statement of income. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through statement of income upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at fair value through statement of income.

Financial assets at fair value through statement of income are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the consolidated income statement.

**Financial assets specified at fair value through statement of other comprehensive income**

Specific financial assets at fair value through statement of other comprehensive income are non-derivative financial assets, the purpose of the acquisition is to keep them as available for sale until the date of maturity, not for trading.

Differences in the change in fair value of financial assets specified at fair value through other comprehensive income statement are recorded in other comprehensive income statement.

Financial assets specified at fair value through statement of other comprehensive income that is have a market prices stated at fair value after deducting any accumulated Impairment losses in its fair value.

Financial assets specified at fair value through statement of other comprehensive income that is do not have a market prices and cannot determine the fair value stated at cost and any Decline in its value recorded in other comprehensive income statement.

Profits and losses resulting from differences of foreign currency translation for the debt instruments are recorded within the financial assets specified at fair value through other comprehensive income statement in the statement of other comprehensive income, while differences from foreign currency translation for the debt instruments are recorded in the accumulated change in fair value in owners' equity.

## **AFAQ HOLDING INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY**

(PUBLIC SHAREHOLDING COMPANY)

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) YEAR ENDED DECEMBER 31, 2016 (EXPRESSED IN JORDANIAN DINAR)**

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#### **Sales and revenues**

Sales achieved when the goods are delivered to customers and issuing the invoice and the Company has transferred the significant risks and benefits of ownership of the goods to the buyer. And the possibility of measuring the amount of revenue and costs incurred or to be incurred on a reliable basis, In addition to the potential flow of economic benefits associated with the process to the company

Revenue is measured at fair value of financial return for the recipient or accrued receivable and reduces the amount of trade discounts or quantity allowed by the company.

The resulting income from service contracts by reference to the percentage of completion of the process is recognized at the date of the consolidated statement of financial position.

Possibility to measure the outcome of the process in a reliable way when the following conditions are met.

The possibility of measuring the amount of revenue reliably or the possibility of the flow of economic benefits associated with the facility to process, or the possibility of measuring the stage of completion of the process and are in the form can be trusted on the statement of financial position Or the possibility of measuring the costs incurred or to be incurred in the process reliably.

When they do not meet the criteria and conditions mentioned above, Revenue resulting from the providing services is recognized by the reduction, which can recover expenses recognized.

#### **Expenses**

Selling and marketing expenses principally comprise of costs incurred in the distribution and sale of the Company's products, all other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs which are not specifically part of production costs as required under Generally Accepted Accounting principles. Allocations between general and administrative expenses and cost of sales are made on a consistent basis when required.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

#### **Trade receivable**

Receivable are non- derivative financial assets with fixed payments that are quoted in an active market.

Trade receivable are stated at invoice amount less any provision for doubtful and a provision for doubtful debts is taken when there is an indication that the receivable may not be collected, and are written off in the same period when there is impossible recovery of them.

## AFAQ HOLDING INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2016

(EXPRESSED IN JORDANIAN DINAR)

#### Inventories and spare parts

Inventories are stated at the lower of cost or net realizable value. Cost is determined, for finished goods, on a first-in-first-out cost basis and includes cost of purchases, fund and other costs incurred in order to get and into warehouse. Raw material, work in process, spare parts and other inventories are stated at cost which is determined by using weighted average cost basis.

#### Projects in progress

The projects in progress have been prepared on cost, when project becomes ready to use, it is transferred to the related property, plant equipment caption.

#### Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	<u>Annual depreciation rate</u>
Buildings and constructions	2%
Plant and machinery	10%
Electricity transformation station and electrical devices	10% - 25%
Central heating and sanitary	10%
Vehicle, mixers, and pumps	10%
Iron facilities	10%
Furniture and decoration	20%
Net works	10%
Snowplow	50%
Tools and others	15-25%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and amortization period appropriate with the expected economic benefits of property and equipment. Impairment test is performed to the value of the property and equipment that appears in the Statement of Financial Position When any events or changes in circumstances shows that this value is non-recoverable.

In case of any indication to the low value, Impairment losses are calculated according to the policy of the low value of the assets

At the exclusion of any subsequent property and equipment, recognize the value of gains or losses resulting, Which represents the difference between the net proceeds of exclusion and the value of the property and equipment that appears in the Statement of Financial Position, Gross Profit and loss.

## **AFAQ HOLDING INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY**

(PUBLIC SHAREHOLDING COMPANY)

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) YEAR ENDED DECEMBER 31, 2016 (EXPRESSED IN JORDANIAN DINAR)**

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#### **The Decline in value of the financial assets**

In date of each consolidated statement of financial position, values of the financial assets have been reviewed, to determine if there is any indication to decline in its value.

As for the financial assets such as trade accounts receivable and assets were evaluated as individual low-value, were evaluated for the decline in the value on a collective basis. The substantive evidence for decline in portfolio of the accounts receivable includes the past experience about the collection of payments. And the increase in the number of the late payments portfolio (which it's beyond the rate of borrowing) also it includes the significant changes in the international and local economic conditions that are related with non-collection of accounts payable.

The Reduce in the listed value of the financial assets is the amount of loss decline of value directly. And this is for all the financial assets except the trade accounts receivable as the listed value had been reduced by provisions accounts. When is one of the accounts receivables are non-collected then write off the amount of this debt and the equal amount from account of provisions.

The changes in the listed value for the provisions account recognized in the consolidated statement of comprehensive income.

As for the ownership equity tools which are available for sale, decline losses are not closed in the recognized value in the comprehensive income statement. However any increase in the fair value become after decline loss has recognized directly in consolidated owner's equity statement.

#### **The Provisions**

The provision had been formed, when the Company has a present obligation (legal or expected) from past events which its cost of repayment consider accepted and it has ability to estimate it reliably.

The provision had been measured according to the best expectations of the required alternative to meet the obligation as of the consolidated statement of financial position date after considering the risks and not assured matters about the obligation. When the provision is measured with the estimated cash flows to pay the present obligation, then the accounts receivable are recognized as asset in case of receipt and replacement of the amount is certain and it able to measure the amount reliably.

#### **Contingent liabilities**

Contingent liabilities are based on the possibility the arise of uncertain future events, or present obligations without the occurrence of payments or the inability to be measured reliably.

Contingent liabilities are not recognized in the consolidated financial statement.

**AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED DECEMBER 31, 2016**  
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**The decline in value of the non-current assets**

The decline in value of the non-current assets, in the date of each consolidated statement of financial position the Company reviews the listed values for its assets to specify if there is an indication to decline losses of the value. If there is an indication to that, the recovery value of the asset will be appreciated to determine the loss of decline in the value if it occurs. In case, in ability to appreciate the recovery value of specific asset. The company estimate the recovery value for unit producing of cash that related in the same asset .when there is ability to determine basis of distribution that is fixed and reasonable, the joint assets distribute to units producing of cash that related in the same asset. the common assets distribute to specific units producing of cash or it is distributed to specific units producing of cash or it distribute to smallest group from units producing cash that can determine basis of distribution fixed and reasonable for it.

The Recovery value is the fair value of asset minus the cost of sale or used value whichever is higher.

In case, the recovery value of an asset (or the unit producing of cash) is estimated lower than the listed value, reduce the listed value for asset should be reduced (or unit producing of cash) to the recovery value. Losses of the decline recognized directly in the comprehensive income statement unless the asset that is re-evaluated then losses are recorded of the decline as a reduction from re-evaluated provision.

**Accounts payable**

Accounts payable are stated at the obligation amounts for received services and goods, whether billed by the suppliers or not.

**Goodwill**

International Accounting Standards Board issued International Financial Reporting Standard No. 3/Integration.

The recorded increase purchase cost over the fair value of invested as goodwill.

When the recoverable amount of this goodwill less that the net book value, goodwill is reduced to the recoverable amount and the value of the declining are recorded in the consolidated statement of comprehensive income

Resulting Goodwill on acquisition of subsidiary or joint control of an entity represents the purchase cost for the company's share in the net fair value of the assets, liabilities and contingent liabilities of the subsidiary identified and recognized as at the date of purchasing First, goodwill recorded as an asset on the basis of cost, then measured later on the basis of cost less accumulated decline in value for the purposes of impairment testing Goodwill is distributed to all cash-generating units in the company and which is expected to benefit from the integration process.

For the purposes of impairment, goodwill is distributed on all units generating cash which is expected to benefit from consolidation, an annual test is done for cash generating units, which goodwill has been distributed for them, or at more frequent if any such indication exists in the declining of the unit value, If the recoverable amount of the cash-generating unit is less than its carrying amount, it is first loaded impairment loss to reduce the carrying amount of goodwill allocated to the unit and then on the other assets listed on the basis of the carrying amount of each asset in the unit. That the recorded impairment losses of goodwill can not be reversed in subsequent periods.

At the exclusion of a subsidiary Company, the value of goodwill allocated to them to determine the profit or loss resulting from the exclusion.

## **AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY**

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**YEAR ENDED DECEMBER 31, 2016**

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#### **Leasing**

Leases are classified as capital lease whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the comprehensive income statement on a straight-line basis over the term of the operating lease.

#### **The sectoral report**

The business sector represents a collection of assets and operation engaged together in providing product or services subjected to risks and returns that are different from those of other business sectors, which are measured according to the reports that are used by the executive director and the main decision – markers in the Company.

Group include key business sector to invest in financial assets & ready mix concert and the transport sector and shipping sector maintenance& spare parts and operate only inside the Hashemite Kingdom of Jordan.

#### **Offsetting**

Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position only when there are legal rights to offset the recognized amounts, the Bank intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

#### **Income tax**

The company is subject to Income Tax Law and its subsequent amendments and the regulations issued by the Income Tax Department in the Hashemite Kingdom of Jordan and provided on accrual basis, Income Tax is computed based on adjusted net income. According to International Accounting Standard number (12), the company may have deferred taxable assets resulting from the differences between the accounting value and tax value of the assets and liabilities related to the provisions, these assets are not shown in the financial statements since it's immaterial.

#### **The use of estimation**

The preparation of financial statements and the application of accounting policies required of the Company's management to make estimates that affect the amounts of financial assets and liabilities and disclosure of contingent liabilities, these estimates also affect the revenues, expenses and provisions.

As well as changes in fair value that appears in the owners' equity.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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In particular, required of the Company's management to issue important judgments to estimate the amounts of future cash flows and its times. Mentioned that the estimates are shown necessarily on the assumptions and multiple factors have a varying degree of appreciation and uncertainty and that actual result may differ from estimates. As a result of changes resulting about the conditions and circumstances of these estimates in the future.

We believe that our estimates in the consolidated financial statements are reasonable, detailed as follows:-

Impairment losses on receivable. Impairment losses are reviewed within the foundations established by the administration and International Financial Reporting Standards. The management reviewed periodically of financial assets which are stated at cost to assess any decline in its value.

This declining is recorded in the statement of comprehensive income.

Adoption of estimate useful lives of intangible assets periodically for the purpose of calculating depreciation declining losses is (if any) recorded in the consolidated statement of comprehensive income.

**Related parties**

The transactions with related parties is in the transfer of resources and services and obligations between related parties, conditions and basis of transactions between related parties are made by the administrations.

**Foreign currency translation**

Foreign currency transactions are translated into Jordanian dinar at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at the date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of comprehensive income.



**AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
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**4. GOODWILL**

At the end of 2007, the Company purchased all partners shares in share capital of Jordan Modern Ready Mix Concrete Limited Liability Company for JD 30,919,983 according to net shareholders equity as of January 1, 2007 amounted JD 6,258,803, and the difference JD 24,661,180 was considered as a goodwill, resulting from purchasing all share capital on that company.

On the date of purchasing the activity of the Jordan Ready mix concrete company were transport and road freight, manufacturing and sale of concrete, maintenance and manufacture trailers then the year ended December 31, 2009.

In 2010 were separated transport and road freight and convert it to the company Advanced Transportation and Shipping services (a subsidiary company 100% owned by).

In mid 2010 were separated maintenance and industry trails and convert it to the company Vision for the Maintenance of Spare Parts (a subsidiary company 100% owned by) and the transfer of property and equipment and spare parts according to the book value between the subsidiaries where not under any significant gains or losses between subsidiaries or a material effect on the consolidated financial statement.

Goodwill arising from the procurement process worth of JD 24,661,180 were subjected to impairment test in accordance with International Financial Reporting Standards.

They were distributed to cash – generating units following a:

- Ready mix concert
- Transportation & shipping service.

Before recognition goodwill impairment losses (if any) have been distributed amount of goodwill on the cash- generality unites as following:

	<u>2015</u>	<u>2014</u>
Jordan Modern Ready mix concert Company	<b>12,330,590</b>	12,330,590
Advanced Transportation and Shipping Services Company	<b>12,330,590</b>	12,330,590
	<b><u>24,661,180</u></b>	<b><u>24,661,180</u></b>

**Annual Impairment Test**

During the financial year parent company has assessed the recoverable amount of the good will, and has been identified that there is no decline is the value of the goodwill associated with the subsidiary company, which is working with manufacturing and selling of ready mix concrete.

The recoverable amount of cash generating manufacturing &selling of Ready mix concert unit measured on the basis of value in use. Were calculating using the expected cash flows through the budgets and approved by the directors of the company which covers the next five years on the basis of a discount rate of 15.3% per year (2015: 14.6%%).

During the financial year parent company has assessed the refund value of the good will and hit has been identified that there is no decline is the value of the goodwill associated with the subsidiary company, which is working with manufacturing and selling of ready mix concrete .

The recoverable amount of cash generating manufacturing and selling of Transportation & shipping services unit measured on the basis of value in use. Were calculating using the expected cash flows through the budgets and approved by the directors of the company which covers the next five years on the basis of a discount rate of 12.9% per year (2015: 12%).

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
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**5. PROPERTY AND EQUIPMENT**

	January 1	Additions	Disposal	Transfer	December 31
<b>Cost:</b>					
Lands *	13,611,472	171,369	(117,897)	-	13,664,944
Buildings and constructions	6,340,858	173,832	-	-	6,514,690
Plant and equipment and machinery	14,235,296	821,649	-	-	15,056,945
Electrical equipments and communications and extinguishers	174,648	23,005	-	-	197,653
Electric transfer stations	918,427	22,482	(9,395)	-	931,514
Central heating and sanitary	265,137	16,145	-	-	281,282
Vehicles , mixers and pumps	56,220,096	23,914,377	(3,959,436)	2,162,442	78,337,479
Snowplow	456,325	-	-	-	456,325
Furniture and decoration	467,961	5,074	-	-	473,035
Tools and others	752,172	131,510	-	-	883,682
Net Work	-	12,351	-	300,492	312,843
Metal constructions	349,232	19,655	-	14,490	383,377
Payments on purchase of property and equipment	2,046,419	7,415,726	-	(1,664,476)	7,797,669
<b>Total cost</b>	<b>95,838,043</b>	<b>32,727,175</b>	<b>(4,086,728)</b>	<b>812,948</b>	<b>125,291,438</b>
<b>Depreciation:</b>					
Buildings and constructions	1,094,121	127,227	-	-	1,221,348
Plant and equipment and machinery	10,812,228	1,088,155	-	-	11,900,383
Electrical equipments and communications and extinguishers	83,933	33,608	-	-	117,541
Electric transfer stations	683,698	103,763	(8,494)	-	778,967
Central heating and sanitary	197,454	40,715	-	-	238,169
Vehicles , mixers and pumps	11,847,249	3,670,147	(1,838,827)	338,884	14,017,453
Snowplow	61,602	228,162	-	-	289,764
Furniture and decoration	318,266	47,908	-	-	366,174
Tools and others	497,323	135,273	-	-	632,596
Net Work	-	2,607	-	-	2,607
Metal constructions	265,906	30,146	-	-	296,052
<b>Total cost</b>	<b>25,861,780</b>	<b>5,507,711</b>	<b>(1,847,321)</b>	<b>338,884</b>	<b>29,861,054</b>
Book value at January 1	69,976,263				
<b>Book value at December 31</b>					<b>95,430,384</b>

\* Part of the Lands above is first class mortgaged asset for granted facilities as well as a part of the vehicles, mixers and bumps by JD 7,149,254 mortgaged to Al Rajhi Bank as in Notes (16-18).

**AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**6. INVESTMENT IN FINANCIAL ASSETS DESIGNATED AT FAIR VALUE  
THROUGH STATEMENT OF OTHER COMPREHENSIVE INCOME**

This item represents the investment cost in Solidarity Company for Construction Industries which registered on the Ministry of Industry and Trade in the Hashemite Kingdom of Jordan on November 25, 2004, which represents 5.333% of its share capital.

**7. PREPAID EXPENSES AND OTHER RECEIVABLES**

	<u>2016</u>	<u>2015</u>
Refundable deposit	110,322	110,322
Due from employees	271,630	199,067
Suppliers	230,190	-
Prepaid expenses	1,452,521	878,978
guarantee deposits	10,301	6,699
Maintenance orders	11,976	33,771
Social Security Claims	115,453	86,490
Sales tax	-	332,623
Other receivables	5,451	5,043
	<u>2,207,844</u>	<u>1,652,993</u>

**8. INVENTORIES AND SPARE PARTS**

	<u>2016</u>	<u>2015</u>
Raw materials	522,538	283,422
Spare parts	5,966,343	5,019,648
Fuel	216,797	25,642
	<u>6,705,678</u>	<u>5,328,712</u>

**9. ACCOUNTS RECEIVABLE AND CHECKS UNDER COLLECTION**

	<u>2016</u>	<u>2015</u>
Checks under collection	23,844,893	19,665,133
Trade receivables *	17,315,670	15,270,627
Due from related parties (Note – 15)	3,690,527	502,130
Allowance for impairment loss on trade receivable	(700,000)	(700,000)
	<u>44,151,090</u>	<u>34,737,890</u>

**AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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\* Following is the aging of accounts receivable as sales invoices issued on December 31:-

	<b>2016</b>	2015
1 – 60 Days	<b>7,671,718</b>	6,758,109
61 – 120 Days	<b>2,832,621</b>	2,364,827
121 – and above	<b>6,811,331</b>	6,147,691
	<b>17,315,670</b>	15,270,627

**10. CASH AND CASH EQUIVALENTS**

	<b>2016</b>	2015
Cash and checks on hand	<b>13,767</b>	13,842
Cash at banks	<b>2,177,425</b>	493,067
	<b>2,191,192</b>	506,909

**11. PROPERTY AND EQUIPMENT HELD FOR SALE**

This item represents the net book value of machinery and equipment developed for the company to transport services and road freight LLC ( a subsidiary ), which was stopped functioning and display sublet by a decision of Directors on June 1, 2015 .

	<b>2016</b>	2015
Beginning balance	<b>2,384,951</b>	-
Disposals	<b>(1,910,887)</b>	-
Transfers (to) / from property and equipment *	<b>(474,064)</b>	2,384,951
	<b>-</b>	2,384,951

\* Property and equipment held for sale and transferred (to) / from property and equipment, are as follows:

	<b>2016</b>	2015
Cost	<b>812,948</b>	4,049,683
Accumulated Depreciation	<b>(338,884)</b>	(1,664,732)
	<b>474,064</b>	2,384,951

## AFAQ HOLDING FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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## 12. RESERVES AND DIVIDENDS

### Statutory reserve

In accordance with the Companies' Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 25% of the capital. However, the Company may, with the approval of the General Assembly continue deducting this annual ratio until this reserve is equal to the subscribed capital of the Company in full. This reserve is not available for dividends distribution.

### Proposed dividends to shareholders

The board of directors of the Company at its meeting held on January 31, 2017 recommended to distribute of profits to shareholders by 11.25% and the board of director will submit a recommendation to the general board at its meeting to be held in 2017 to distribute which values JD 9,000,000 (2015: JD 10,000,000) to shareholder 11.25% (2015: 12.5%) from paid capital.

## 13. ACCRUED EXPENSES AND OTHER LIABILITIES

	2016	2015
Accrued expenses	<b>878,078</b>	575,500
Due to social security	<b>72,086</b>	85,160
Due to sales tax	<b>158,985</b>	217,187
Due to income tax	<b>4,234</b>	2,225
The board of directors remunerations provisions	<b>25,000</b>	25,000
Employees payable	<b>36,466</b>	28,433
Prepayment from clients	<b>394,608</b>	1,392,593
Income tax provision (Note – 21)	<b>1,114,476</b>	1,277,877
Accident claims	-	100
	<b>2,683,933</b>	3,604,075

## 14. ACCOUNTS PAYABLE

	2016	2015
Trade payable	<b>2,420,504</b>	1,356,132
Due to related parties (Note – 15)	<b>770,946</b>	84,125
	<b>3,191,450</b>	1,440,257

## 15. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties consist transactions with companies which is under common control by the partners and transactions with partners and associated companies, and the adoption of policies and Conditions of transactions with related parties by the management company transactions with related parties other than the owner or the Company's shareholder are certificants of commercial nature, and the transaction with the owner or the Company's shareholder are certificants of a financial nature.

	2016	2015
Revenues	<b>30,894,816</b>	25,123,307
Cost of revenues	<b>67,319,947</b>	63,637,529
Purchases of property and equipment	<b>16,362,243</b>	17,803,024

The significant amount with all of the related parties and its related amounts as of December 31 are as follows.

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The Company's transactions that are resulted with related parties transactions as purchases have reached almost 60 Million JD, as the sales has reached 10.5 Million (2014 : as purchases have reached 47 Million JD as the sales has reached 11 Million JD).

During the year, the Company executed some transaction with the following related parties:

<b>NAME</b>	<b>RELATIONSHIP</b>
Manaseer Group for Industrial and Commercial Investments	Holding Company Head of Board of Directors
Eng Ziad Khalaf Mohammad Al Manaseer	Sister
Arab Towers Contractors Co.	Sister
United Iron and Steel Manufacturing Co.	Sister
Luminous Education, Training and Consulting Co.	Sister
Mediterranean and gulf insurance and reinsurance co (Medgulf- Jordan)	Sister
Al Bunyan for Cement and Concrete products manufacturing Co.	Sister
Jordan Modern for Oil and Fuel Services Co.	Sister
Jordan Modern for Information Technology Co.	Sister
Trust Industrial Concrete Co.	Sister
Luminus for technology Co.	Sister
Jordan Modern for Cement & Mining Co.	Sister
Al Addeiat Al Sareeah for machinery trading Co.	Sister
Developed Crushes Co.	Sister
Jordan Clearing and Transportation Co.	Sister
Roma Cargo Co.	Sister
Jordan Mining Co.	Sister
Jordan Modern Food Industries Co.	Sister

The significant transactions and the related amounts as of December 31 are as follows:

The Company purchased from related parties approximately amount to JD 47 Million and sales approximately amount to JD 11Million (as of 2013 approximately amounted to JD 50 Million as purchases and JD 11.5 Million to sales).

As of December 31, due from related parties is as follows:

	<b>2016</b>	<b>2015</b>
Eng Ziad Khalaf Mohammad Al Manaseer	<b>613,225</b>	-
Manaseer Group for Industrial and commercial Investment	<b>126,419</b>	-
Modern Cement and mining Co.	<b>803</b>	-
Arab Towers Contractors Co.	<b>549,215</b>	268,428
Luminous Education, Training and Consulting Co.	-	446
United Iron and Steel Manufacturing Co.	<b>1,395,998</b>	232,561
Trust Industrial Concrete Co.	<b>2,460</b>	-
Al Addeiat Al Sareeah for machinery trading Co.	<b>85,042</b>	-
Jordan Mining Co.	<b>193,657</b>	-
Jordan Clearing and Transportation Co.	<b>718,694</b>	-
Jordan Modern for Information Technology Co.	<b>4,394</b>	-
Luminus for technology Co.	<b>620</b>	695
	<b>3,690,527</b>	502,130

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As of December 31, due to related parties is as follows:-

	2016	2015
Mediterranean and Gulf Insurance Co (Medgulf- Jordan)	108,911	84,125
Roma Cargo Co.	294,859	-
Jordan Modern for Oil and Fuel Services Co.	302,396	-
Developed Crushers Co.	55,053	-
Al Addeiat Al Sareeah for machinery trading Co.	8,968	-
Jordan Modern Food Industries Co.	759	-
	770,946	84,125

### 16. LOANS AND MURABAHA

	2016	2015
Al Rajhi Bank Murabaha	5,953,811	-
Capital Bank of Jordan loan	1,557,673	-
Jordan Ahli Bank loan	661,713	-
Total loans and Murabaha	8,173,197	-
Less: current portion	3,780,422	-
Long-term portion	4,392,775	-

#### -Al Rajhi Bank

Advanced Transportation and shipping Services Company(Subsidiary Company) obtained JD 6,000,000 as facilities during 2016 from Al Rajhi bank it will be paid by monthly installments each for JD 166,666. Also, the Company obtained letters of credit and financing deferred sales by JD 2,000,000 which it is personally guaranteed by Eng Ziad Khalaf Mohammad Al Manaseer and mortgaging trucks by 7,149,254 for Al Rajihi Bank.

#### - Jordan Capital Bank

Jordan modern ready mix Concrete Company(Subsidiary Company) obtained a loan from Jordan Capital Bank by USD 2,197,000 for the purpose of financing the purchase and install of solar panels in which the bank restricted JD 467,302 from the current account which counts the last installment. The loan is repaid in 9 years within a year allowance in 96 monthly installments within an irregular interest each for USD 22,900 except for the last installment which count the rest of the balance, where the first installment is due within one year of the execution and the interests are paid monthly on the period of the loan and the allowance period and is guaranteed by Mr. Ahmad Khalaf Al Manaseer.

#### -Jordan Ahli Bank

Advanced Transportation and shipping Services Company(Subsidiary Company) obtained facilities from Jordan Ahli Bank within a ceiling of financing letters of credit by JD 5,000,000. It is repaid by equal monthly installments for 24 months that doesn't including the period of the credit letters and it is personally guaranteed by Eng Ziad Khalaf Mohammad Manaseer, Afaq investments and real estate development company(Parent Company) and Jordan modern ready mix Concrete Company(Sister Company).

### 17. DEFERRED CHECKS

	2016	2015
Deferred checks	50,792,530	34,179,918
Less: Short Term deferred checks	43,135,714	26,969,350
Long term	7,656,816	7,210,568

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**18. BANK OVERDRAFT**

	<u>2016</u>	<u>2015</u>
Arab Bank	-	2,283,197
Jordan Bank	-	1,999,545
Investment Bank	<b>3,088,697</b>	-
Jordan Ahli Bank	<b>3,631,466</b>	-
	<u><b>6,720,163</b></u>	<u>4,282,742</u>

**Arab Bank**

The subsidiary (Jordan Modern Ready Mix Concrete) has obtained facilities from the Arab Bank up to JD 3,950,000 by the guarantee for Eng. Ziad Khalaf Al-Manaseer, deposit checks under collection and mortgaging some lands owned by the Company, and it has been fully paid in 2016.

**Jordan Bank**

The subsidiary (Jordan Modern Ready Mix Concrete) has obtained facilities from the Arab Bank up to JD 3,000,000, as well as funding allocations up to JD 2,000,000 by the guarantee for Eng. Ziad Khalaf Al-Manaseer, deposit checks under collection and mortgaging some lands owned by the Company, and it has been fully paid in 2016.

**Investment Bank**

The subsidiary (Jordan Modern Ready Mix Concrete) obtained bank facilities in 2016 as follows:

- Current Ceiling by JD 1,000,000.
- Revolving ceiling (financing purchases) by JD 2.65 Million including letter of credits, bills guarantees and financing invoices.
- Revolving ceiling (sales financing) by JD 3 Million by the guarantee of checks under collection.
- Guarantees ceiling by JD 350,000.

The above facilities are by the guarantee of Eng. Ziad Khalaf Al-Manaseer.

**Jordan Ahli Bank**

The subsidiary (Advanced Transportation and shipping Services Company) obtained bank facilities by JD 3,000,000, and is personally guaranteed by Eng Ziad Khalaf Mohammad Al Manaseer and Afaq investments and real estate development company (Parent Company) and Jordan Modern Ready Mix Concrete (Sister Company) and by restricting checks that covers 100% of the current balance at any time.

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**19. SEGMENT ANALYSIS OF THE ACTIVITY OF THE COMPANY**

The Company works in the following sectors of the business operating with in the geographic sector is the Hashemite Kingdom of Jordan.

The details of revenue and profit of the Company's operating sector are as follows:-

	Segment revenues		Profit / (losses) segment	
	2016	2015	2015	2014
Ready Mix concert segment	67,862,696	65,154,840	5,251,889	6,546,551
Transport and shipping segment	37,587,969	32,117,047	3,478,613	4,313,321
Maintenance and spare parts segment	8,135,028	7,719,692	1,095,140	715,163
Investment in financial segment	(16,089)	63,167	(104,657)	(13,213)
Total	113,569,604	105,054,746	9,720,985	11,561,822
Less : revenue earned between segment	(16,193,936)	(14,510,869)		
Less: Investment in financial segment	16,089	(63,167)		
	97,391,757	90,480,710		

The total assets and liabilities of the Company are as follows:-

	Segment revenues		Segment liabilities	
	2016	2015	2016	2015
Ready Mix concert segment	63,713,427	52,736,317	33,388,177	22,192,890
Transport and shipping segment	90,187,605	62,728,594	52,488,891	26,008,493
Maintenance and spare parts segment	5,004,855	5,236,214	1,476,556	1,403,055
Investment in financial segment	103,908	837,310	29,654	28,465
Total	159,009,795	121,538,435	87,383,278	49,632,903
Less: Amounts between parties	(7,812,522)	(6,125,911)	(7,812,522)	(6,125,911)
Add : Goodwill	24,661,180	24,661,180		
Net	175,585,453	140,073,704	79,570,756	43,506,992

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**20. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>2016</u>	<u>2015</u>
Salaries ,wages and related other benefits	2,082,184	1,820,426
Social security	209,384	181,006
Advertising and promotion	143,801	123,974
Selling and distribution commission	205,878	194,710
Depreciation	149,307	146,063
Donations	75,272	56,757
Rent	139,580	123,900
Water, electricity and fuel	115,282	105,592
Governmental fees and subscriptions	25,239	39,305
Computer expenses	36,720	15,113
Cleaning	17,169	12,794
Telephone, post, and telegraph	127,905	86,459
Professional fees and consultancies	248,788	200,767
Travel and transportation	4,045	17,318
Stationary and printing	52,680	45,991
Employees meals and hospitality	45,174	35,855
Stamps	28,773	6,399
Insurance	33,261	21,781
Medical insurance	48,641	43,544
Administrative Depreciation	66,478	75,194
Miscellaneous	35,468	12,291
	<u>3,891,029</u>	<u>3,365,239</u>

**21. OTHER REVENUES AND LOSSES**

	<u>2016</u>	<u>2015</u>
Net revenue of maintenance and preparation	42,566	52,346
Losses on disposal of property, plant and equipment	159,083	(18,108)
collected dividend	22,690	11,013
Other revenue	33,520	27,012
	<u>257,859</u>	<u>72,263</u>

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## 22. INCOME TAX

Tax situation for the Company and the subsidiaries company are as follow:

### A. Afaq Holding for Investment and Real Estate Development Company

The Company settled its tax position until 2014. The self- assessed tax report for 2015 has been submitted but not received by the income and sales tax department.

### B. Jordan Modern Ready Mix Concrete Company

The Company settled its tax position until 2014. The self- assessed tax report for 2015 has been submitted but not received by the income and sales tax department.

As for Aqaba branch the tax position was ended until 2014, and the company provided its tax statement for the year 2015 has not received and was reviewed by the income tax department and the final report was not issued until the date of this consolidated financial statements. As for 2013 and 2014 the income tax department didn't review the company record until the date of this consolidated financial statement.

### C. Advanced Transportation and Shipping Company

The Company settled its tax position until 2014. The self- assessed tax report for 2015 has been submitted but not received by the income and sales tax department.

### D. Visions for Maintenance of Spare Parts Company

The Company settled its tax position until 2014. The self- assessed tax report for 2015 has been submitted but not received by the income and sales tax department.

Movement in income tax provision during the year is as follows:

	<b>2016</b>	<b>2015</b>
Balance at January 1	1,277,877	1,029,214
Paid during the year	(1,506,356)	(1,251,513)
Provision for the year	1,342,955	1,500,176
Balance at December 31	<b>1,114,476</b>	<b>1,277,877</b>

## 23. CASH AND CASH EQUIVALENTS

	<b>2016</b>	<b>2015</b>
Cash and cash equivalent (note-10)	2,191,192	506,909
Cash restricted at bank (note-16)	467,302	-
	<b>2,658,494</b>	<b>506,909</b>

## 24. CONTINGENT LIABILITIES

At December 31, the Company had the following commitments:

	<b>2016</b>	<b>2015</b>
Letters of credit and guarantees	160,153	103,974
Deduct: deposits	(10301)	(6,699)
	<b>149,852</b>	<b>97,275</b>

## 25. FAIR VALUE

Fair value of financial assets and liabilities are approximately equal their carrying values, except loans because it due during one year from the consolidated financial statements date.



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**26. FINANCIAL INSTRUMENTS**

**The Fair Value**

The fair value of financial assets and financial liabilities Financial assets include cash and cash equivalents and checks under collection and receivables, securities, and include accounts payable, credit facilities and loans and credits and other financial liabilities.

First level: the market prices stated in active markets for the same financial instruments.

Level II: assessment methods depend on the input affect the fair value and can be observed directly or indirectly in the market.

Level III: valuation techniques based on inputs affect the fair value cannot be observed directly or indirectly in the market.

<b>December 31, 2016</b>	<b>level one</b>	<b>Second Level</b>	<b>third level</b>	<b>Total</b>
Financial assets designated at fair value through statement of comprehensive income	-	-	-	-
Financial assets designated at fair value through statement of other comprehensive income	-	43,783	-	43,783
	-	43,783	-	43,783
	<b>level one</b>	<b>Second Level</b>	<b>third level</b>	<b>Total</b>
Financial assets designated at fair value through statement of comprehensive income	781,023	-	-	781,023
Financial assets designated at fair value through statement of other comprehensive income	-	43,783	-	-
	781,023	43,783	-	824,806

The value set out in the third level reflect the cost of buying these assets rather than its fair value due to the lack of an active market for them, this is the opinion of Directors that the purchase cost is the most convenient way to measure the fair value of these assets and that there was no impairment.

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#### Risk management

Include the risks those they may be exposed to the Company's market risk, credit and liquidity, which is managed by the Company as follows.

#### Market risk

Market risk is defined as the risk that the fair value or future cash of a financial instrument will fluctuate because of changes in market prices. It comprises the following risks:

#### Currency risk

Currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates, risks related to the financial instruments denominated in USD are low due to the constancy of exchange rate of JD against USD, while risks related to other foreign currencies were reflected in the consolidated comprehensive income statement.

#### Interest rates risk

Interest rate risk is defined as the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates, the financial instruments in the consolidated statement of financial position are not subject to interest rate risk with the exception of due to banks and loans that are subject to current market interest rates.

The following tables show the sensitivity of profit or loss and owner equity to changes in interest rate changed by the facility or their deposits at banks and on interest rates paid by the entity to borrow from banks:

Currency	Change in interest	Effect on the profit (loss)	
Jordanian Dinars	%	<b>2016</b>	2015
	25	<b>- 37,233</b>	- 10,707

Currency	Change in interest	Effect on the profit (loss)	
Jordanian Dinars	%	<b>2016</b>	2015
	25	<b>+37,233</b>	+ 10,707

#### Capital risk

The contents of capital are reviewed on a regular basis and are taking in consideration the cost of capital and risks related with it, as capital is controlled to ensure continuity of business and increase revenue by achieving an optimal balance between owner's equity and debts.

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#### Management of share capital risks

The Company manages its capital to make sure that the Company will continue when it is take the highest return by the best limit for debts and owners equity balances. The Company's strategy doesn't change from 2015.

Structuring of Company's capital includes debts that consists of loans as shown in (note 16, 17) and the owner's equity in the Company which includes share capital, statutory reserve, and retained earnings as it listed in the changes in consolidated owners equity statement.

#### The debt ratio

The board of directors is reviewing the share capital structure periodically. As a part of this reviewing, the board of directors consider the cost of share capital and the risks that is related in each faction from capital and debt factions. The Company's capital structure includes debts from the borrowing. The Company doesn't determine the highest limit of the debt ratio and it doesn't expect increase in the debt ratio.

	<u>2016</u>	2015
Debts	<b>14,893,360</b>	4,282,742
Owners equity	<b>96,287,697</b>	96,566,712
Debt/ owners equity rate	<b>%15</b>	4%

This decrease in the debt ratio for 2014 is attributed to the decrease in debts from payment of facilities with ceiling.

#### Exchange price risks

Are the risks resulting from fluctuation in the fair value or future cash flow of the financial instrument to the change in the price of foreign exchange.

Exchange price risks arises as a result of the implementation of the commercial transactions in foreign currencies, which imposes a kind of the risk as a result to fluctuation in exchange prices of these currencies during the year.

Most transaction in foreign currency and represent these transaction in U.S dollar as the exchange price of the Jordanian dinar is constant opposite of U.S Dollar.

#### Other price risk

Other price risk is defined as the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices ( other than those arising from interest rate risk or currency risk ), whether those changes are caused by factors specific to the individual instrument or its issuer of factors all similar financial instruments traded in the market, the financial instruments in the consolidated statement of financial position are not subject to other pricing risk with the exception of investments.

#### Credit risk

Credit risk is defined as the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge an obligation, the Company maintains cash at financial institutions with suitable credit rating, the Company looks forward to reduce the credit risk by maintaining a proper control over the customers credit limits and collection process and take provisions for doubtful accounts.

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**Liquidity risk**

Are the risks of inability to pay the financial obligations that were settled by receiving cash or another financial assets.

Liquidity risk management by control on cash flows and comparing them with maturities of assets and financial liabilities.

The following table shows the maturities of assets and financial liabilities as December 31,

**2016**

<u>Description</u>	<u>Less than a year</u> <u>(JD)</u>	<u>One year and more</u> <u>(JD)</u>	<u>Total</u> <u>(JD)</u>
<b>Financial liabilities:</b>			
Tools without Interest	57,020,580	7,656,816	64,677,396
Tools with Interest	10,500,585	4,392,775	14,893,360
<b>Total</b>	<b>67,521,165</b>	<b>12,049,591</b>	<b>79,570,756</b>

**2015**

<u>Description</u>	<u>Less than a year</u> <u>(JD)</u>	<u>One year and more</u> <u>(JD)</u>	<u>Total</u> <u>(JD)</u>
<b>Financial liabilities:</b>			
Tools without Interest	32,013,682	7,210,568	39,224,250
Tools with Interest	4,282,742	-	4,282,742
<b>Total</b>	<b>36,296,424</b>	<b>7,210,568</b>	<b>43,506,992</b>

**25. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors and authorized for issuance on January 31, 2017.

**26. COMPARTIVE FIGURES**

Certain figures for 2015 have been reclassified to confirm presentation on the current year.