

للاستثمار
بموجب
السياسة
10/5/2017

التاريخ: 2017/5/14
اشارتنا: Drkm-011/2017

To: Jordan Securities Commission
Amman – Jordan

السادة هيئة الأوراق المالية المحترمين،
عمان – الأردن.

Subject: Quarterly Report as at
31/03/2017

الموضوع : التقرير ربع السنوي كما في
2017/03/31

Attached the Quarterly Report In English
Darkom Investment Company PLC
as at 31/03/2017.

مرفق طيه نسخة من البيانات المالية ربع السنوية باللغة
الانجليزية

لشركة داركم للاستثمار م.ع.م
كما في 2017/03/31.

Kindly accept our high appreciation & aspect

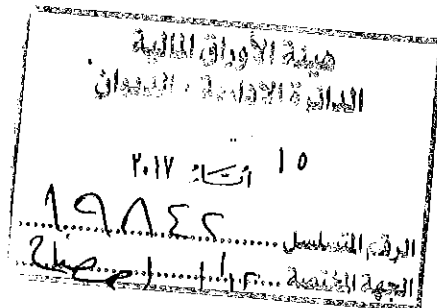
وتفضلوا بقبول فائق الاحترام،،،

Darkom Investment Company (P.L.C)

شركة داركم للاستثمار م.ع.م

AMJED MOUSA ELWERR
CHAIRMAN

أمجد موسى الور
رئيس مجلس الإدارة



مرفقات:

AS

DARKOM INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED FINANCIAL
STATEMENTS AND REVIEW REPORT
FOR THE PERIOD ENDED MARCH 31,
2017

REPORT ON REVIEWING THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the president and members of the board of directors
Darkom Investment Company (P.L.C.)

Introduction

We have reviewed the accompanying Interim Consolidated Statement of Financial Position for Darkom Investment Company (P.L.C.) as of March 31, 2017, and the related statements of Interim Consolidated Comprehensive income, Owners' equity and cash flows for the period then ended, The management is responsible of preparing and presenting company's financial statements in accordance with International Accounting Standard No. 34 (Interim Financial Reporting) which is an integral part of International Financial Reporting Standards. Our responsibility is limited to issue a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. Our review is primarily limited to inquiries of the company's accounting and financial departments personnel as well as applying analytical procedures to financial data .The range of our review is narrower than the broad range of audit procedures applied according to International Auditing Standards, Accordingly, Getting assurances and confirmations about other important aspects checked through an audit procedure was not achievable, Hence, We don't express an opinion regarding in this regard.

Qualification Basis

- The Company management did not record real estate investments impairment which is amounted for JOD 338,222 based on the evaluation of the subsidiary (Al-Musanada Real Estate Company Ltd.) lands by real estate experts.
- The Company management did not provide us with banks and loans statements and did not record any due interests on the loan as of March 31, 2017.

Conclusion

Based on our review, except what was mentioned in basis of qualification above, nothing has come to our attention that causes us to be believe that the accompanying interim consolidated financial statements do not give a true and fair view in accordance with International Accounting Standard No. 34.

Other Matter

The Consolidated Financial Statements as of December 31, 2016 have been audited by another auditor, which he issued his qualified report on 28 February, 2017, also the Interim Consolidated Financial Statements for the period ended on March 31, 2016 have been reviewd by another auditor, which he issued his unqualified report on 28 April, 2016.

Ghosheh & Co.
Abdul Kareem Qunais
License No.(496)



Amman- Jordan
April 27, 2017

DARKOM INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF MARCH 31, 2017 AND DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	2017	2016
ASSETS			
Non-Current Assets			
Property and Equipment		6,800	1,421,839
Real Estate Investments		3,076,908	3,355,960
Total Non-Current Assets		3,083,708	4,777,799
Current Assets			
Prepaid Expenses and Other Receivables		101,048	35,048
Due from Related Parties		818,358	818,358
Cash and Cash Equivalents		5,948	5,948
Total Current Assets		925,354	859,354
TOTAL ASSETS		4,009,062	5,637,153
LIABILITIES AND OWNERS' EQUITY			
Owners' Equity			
Share Capital	1	10,000,000	10,000,000
Statutory Reserve		3,617	3,617
Accumulated Losses		(6,537,765)	(6,182,464)
Total Owners' Equity		3,465,852	3,821,153
Current Liabilities			
Accrued Expenses and Other Liabilities		317,086	317,086
Due to Related Parties		14,151	14,151
Loan		30,000	30,000
Accounts Payable		181,973	1,454,763
Total Current Liabilities		543,210	1,816,000
TOTAL LIABILITIES AND OWNERS' EQUITY		4,009,062	5,637,153

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

DARKOM INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	For the three months ended March 31, 2017	For the three months ended March 31, 2016
Building and Land Sale Loss	(344,091)	-
General and Administrative Expenses	(11,210)	(46,201)
Depreciation	-	(300)
Net Loss for the Period	(355,301)	(46,501)
Comprehensive Income :	-	-
Total Comprehensive Income for the Period	(355,301)	(46,501)
Earnings per Share:		
Earnings per share- JD/Share	(0.036)	(0.005)
Weighted Average for the Number of Capital Shares/ Share	10,000,000	10,000,000

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

DARKOM INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	For the three months ended March 31, 2017	For the three months ended March 31, 2016
OPERATING ACTIVITIES		
Net Loss for the period	(355,301)	(46,501)
Adjustments for loss for the period:		
Depreciation	-	300
Changes in operating assets and liabilities:		
Prepaid Expenses and Other Receivables	(66,000)	593
Accounts payable	(1,272,790)	47,928
Accrued Expenses and Other Liabilities	-	(2,320)
Cash used in operating activities	(1,694,091)	-
INVESTING ACTIVITIES		
Changes in Property and Equipment	1,415,039	-
Changes in Real Estate Investments	279,052	-
Net cash available from investing activities	1,694,091	-
Net change in cash and cash equivalents	-	-
Cash and cash equivalents, January 1	5,948	517
CASH AND CASH EQUIVALENTS, March 31	5,948	517

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

DARKOM INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

1. ESTABLISHMENT AND ACTIVITIES

Darkom Investment Company ("the Company") is a Jordanian Public Shareholding Company registered on February 4, 2007 under commercial registration number (427), the share capital of the Company is JD 10,000,000 divided into 10,000,000 shares, The value of each share is one JD.

The main activities of the Company are financing real estate, residential, industrial, commercial and tourism projects and investing in stocks and bonds in Amman Stock Exchange.

The headquarter of the Company is in Amman.

The interim consolidated financial statement as at March 31, 2017 and December 31, 2016 contains the financial statements subsidiary company as following:

Subsidiary Company name	Registration place	Registration year	Vote and equity percentage	Main activity
Al-Musanada Real Estate Company Ltd.	The Hashemite Kingdom of Jordan	2008	100 %	Establishment and construction of residential projects, investing in lands and Real Estates, managing buildings, purchase and rent lands.

According to net equity method, book value of investment in the subsidiary as of March 31, 2017 and December 31, 2016 are as follows:

	2017	2016
Book value of investment in Al-Musanada Real Estate Company Ltd.	49,995	49,995
The Company's share in the Al-Musanada Real Estate Company Ltd.	-	-
	49,995	49,995

2. NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE:-

The following new standards and amendments to the standards have been issued but are 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 – Revenue from Contract with Customers	January 1,2018
(IFRS) No.16 – Leases	January 1,2019

Board of Directors anticipates that the adoption of these IFRSs in future periods is not likely to have a material impact on the consolidated financial statements of the Company.

**DARKOM INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)**

3.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

The interim consolidated financial statement is presented in Jordanian Dinar, since that is the currency in which the majority of the Company's transactions are denominated.

The interim financial statements have been prepared on historical cost basis.

The interim statement do not include all the information and notes needed in the annual financial statement and must be reviewed with the ended financial statement at December 31, 2016, in addition to that the result for the three months ended in March 31, 2017 is not necessarily to be the expected results for the financial year ended December 31, 2017.

Significant accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the audited financial statements for the period ended 31 December 2016.

Basis of consolidating interim 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.

DARKOM INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
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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.

The profit or loss and each component of other comprehensive income elements distributed on the company's owners and owners of non-controlling interests, total comprehensive income for the subsidiary distributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balances.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the parent Company.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Revenues

- Revenue from the sale of land and apartments is recognized when the sales agreement is signed with the buyer and the contract of sale promise is signed.
- Revenue from commissions and real estate brokerage is recognized when the invoice is issued and service is provided to customers.

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 with required.

DARKOM INVESTMENT COMPANY
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

Cash and cash equivalents

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

Accounts receivable

Account 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.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for services received, whether or not claimed by the supplier

Lands Investments

Investments in land are stated at cost (in accordance with IAS 40). The Company's criteria for recording its real estate investments are either at cost or at fair value provided that there is no impediment to the ability to reliably determine the value of the investment. The management has chosen the cost to record its investments in the lands.

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	2%
Furniture and equipment	10-15%
Vehicle	15%
Computers	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.

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 interim consolidated Statement of Financial Position, Gross Profit and loss.

DARKOM INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

The Decline in value of the financial assets

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

As for the financial assets such as trade accounts receivable and assets was 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 interim 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 interim consolidated comprehensive income statement, However any increase in the fair value become after decline loss has recognized directly in interim consolidated owner's equity statement.

The decline in value of the non-current assets

The decline in value of the non-current assets, in the date of each interim consolidated statement of financial position the Company review the listed values for it's assets to specify if there is an indication to be decline losses of the value, If there indication to that, the recovery value of the asset will be appreciated to determine the loss of decline in the value if it be, 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 baies of distribution that is fixed and reasonable, the joint assets distribute to units producing of cash that related in the same asset, the joint assets distribute to specific units producing of cash or it distribute to specific units producing of cash or it distribute to smallest group from units producing cash that it able to determine basic 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 (or the unit producing of cash) distribute lower than the listed value, reduce the listed value for asset (or unit producing of cash) to the recovery value, Losses of the decline recognize directly in the comprehensive income statement except the asset that is re-evolution then record losses of the decline as reduction from re-evaluation provision.

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.

DARKOM INVESTMENT COMPANY
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
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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 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 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.

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 recognised in profit or loss.

**DARKOM INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)**

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 interim consolidated income statement.

Related parties

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

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 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 had been measured with the estimated cash flows to pay the present obligation, then the accounts receivable had been recognized as asset in case of receipt and replacement of the amount is certain and it able to measure the amount reliably.

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.

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

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.

The sectoral report represents

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, witch are measured according to the reports that are used by the executive director and the main decision – markers in the Company.

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, and when intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

DARKOM INVESTMENT COMPANY
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

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 interim consolidated financial statements since it's immaterial.

4. 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 interim consolidated of 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 interim 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.

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 or factors all similar financial instruments traded in the market, the financial instruments in the interim 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.

DARKOM INVESTMENT COMPANY
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

5. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issuance on April 27, 2017.

6. COMPARITIVE YEAR FIGURES

Certain figures for 2016 have been reclassified to conform with the presentation for the three months ended March 31, 2017.