

Date: 15/06/2017
Reference: 102

To: Amman Stock Exchange

Subject: Quarterly Report as of 31/03/2017

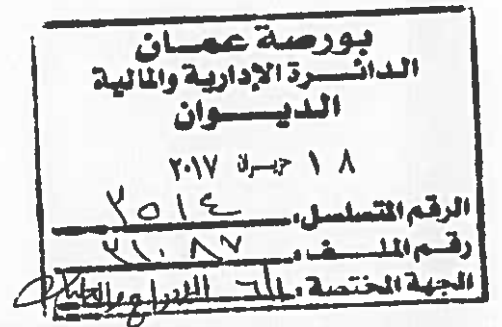
Attached the Quarterly Financial Statements of (Real Estate Development Co.) as of 31/03/2017.

Kindly accept our appreciation and respect.



Munther Abu Awad
Acting General
Manager

- File:copy.
- Jordan Securities Commission.
- Securities Depository Center.



Real Estate Development Company
Public Shareholding Company

Condensed Interim Consolidated Financial Statements (Not Audited)

31 March 2017

Arab Professionals

(Member firm within of Grant Thornton International Ltd)

**Real Estate Development Company
Public Shareholding Company**

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Report on Review of the Condensed Interim Consolidated Financial Statements

To The Board of Directors
Real Estate Development Company
Public Shareholding Company
Amman - Jordan

Introduction

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

Scope of Review

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

Conclusion

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

Emphasis of Matter

The accompanying condensed interim consolidated financial statements include projects under construction owned by Arab East Investments for Real Estate Company (subsidiary company) and registered in the name of Housing and Urban Development Corporation amounting to JOD (3,678,762) and other projects under construction registered in the name of Jordan Engineers Association amounting to JOD (1,496,432) against signed agreements with those parties.

30 April 2017
Amman - Jordan



Amin Samara
(License No. 481)
Arab Professionals

Real Estate Development Company
Public Shareholding Company
Interim consolidated statement of financial position as at 31 March 2017

(In Jordanian Dinar)

	31 March 2017	31 December 2016
Assets		
Non - Current Assets		
Investment properties	17,678,585	17,827,937
Property and equipment	48,619	49,124
Financial assets measured at fair value through statement of profit or loss	3,826,134	3,809,600
Financial assets measured at fair value through statement of other comprehensive income	1,405,398	1,139,906
Investment in associate companies	1,195,751	1,225,724
Amounts due from related parties	10,078,679	10,046,050
Projects under construction	5,175,194	5,179,620
Total Non - Current Assets	<u>39,408,360</u>	<u>39,277,961</u>
Current Assets		
Real estates held for sale	11,015,550	11,240,052
Other current assets	19,514	24,017
Accounts receivable	5,294,301	5,629,578
Financial assets measured at fair value through statement of profit or loss	1,884,670	1,491,383
Cash and cash equivalents	410,576	225,041
Total Current Assets	<u>18,624,611</u>	<u>18,610,071</u>
Total Assets	<u>58,032,971</u>	<u>57,888,032</u>
Equity and Liabilities		
Shareholders' Equity		
Authorized, subscribed and paid - in capital	49,625,545	49,625,545
Statutory reserve	370,748	370,748
Parent company's shares owned by subsidiaries	(2,895,564)	(2,895,564)
Cumulative change in fair value of financial assets	(1,674,318)	(1,859,073)
Accumulated losses	(18,689,839)	(18,697,747)
Equity attributable to owners of the parent	<u>26,736,572</u>	<u>26,543,909</u>
Non-controlling interests	12,122,695	11,948,259
Total Equity	<u>38,859,267</u>	<u>38,492,168</u>
Liabilities		
Non - Current Liabilities		
Bank facilities - long term	9,711,670	1,799,425
Amounts due to related parties	5,594,177	5,883,751
Total Non - Current Liabilities	<u>15,305,847</u>	<u>7,683,176</u>
Current Liabilities		
Bank facilities - short term	14,693	7,870,635
Accounts payable	324,425	327,151
Unearned revenues	2,380,185	2,380,185
Other current liabilities	1,148,554	1,134,717
Total Current Liabilities	<u>3,867,857</u>	<u>11,712,688</u>
Total Liabilities	<u>19,173,704</u>	<u>19,395,864</u>
Total Equity and Liabilities	<u>58,032,971</u>	<u>57,888,032</u>

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

Real Estate Development Company
Public Shareholding Company
Interim consolidated statement of profit or loss for the three months ended at 31 March 2017
(In Jordanian Dinar)

	31 March 2017	31 March 2016
Changes in fair value of financial assets at fair value through statement of profit or loss	393,286	(60,505)
Loss from sale of lands, net	(11,579)	-
Company's share from associate companies operations	(29,944)	(12,850)
Administrative expenses	(131,931)	(110,323)
Finance costs	(218,602)	(228,118)
Unneeded lands impairment provision	40,214	-
Other revenues & expenses, net	60,194	32,377
Profit (loss) for the period	101,638	(379,419)
Attributable :		
Owners of the parent	7,908	(339,580)
Non-controlling interests	93,730	(39,839)
Total	101,638	(379,419)
Basic and diluted earnings (losses) per share	0.002	(0.007)

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

Real Estate Development Company
Public Shareholding Company
Interim consolidated statement of comprehensive income for the three months ended at 31 March 2017

(In Jordanian Dinar)

	<u>31 March 2017</u>	<u>31 March 2016</u>
Profit (loss) for the period	101,638	(379,419)
Other comprehensive income:		
Company's share from other comprehensive income of associate company	(29)	26,553
Changes in fair value of financial assets through statement of other comprehensive income	<u>265,490</u>	<u>(44,843)</u>
Total comprehensive income for the period	<u>367,099</u>	<u>(397,709)</u>
Attributable :		
Owners of the parent	192,663	(345,403)
Non-controlling interests	<u>174,436</u>	<u>(52,306)</u>
Total	<u>367,099</u>	<u>(397,709)</u>

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

**Real Estate Development Company
Public Shareholding Company**
Interim consolidated statement of changes in equity for the three months ended at 31 March 2017
(In Jordanian Dinar)

	Paid - in capital	Statutory reserve	Parent company's shares owned by subsidiaries	Cumulative change in fair value of financial assets	Accumulated losses	Total shareholders' equity	Non-controlling interests	Total equity
Balance at 1 January 2017	49,625,545	370,748	(2,895,564)	(1,859,073)	(18,697,747)	26,543,909	11,948,259	38,492,168
Total comprehensive income for the period	-	-	-	184,755	7,908	192,663	174,436	367,099
Balance at 31 March 2017	49,625,545	370,748	(2,895,564)	(1,674,318)	(18,689,839)	26,736,572	12,122,695	38,859,267
Balance at 1 January 2016	49,625,545	176,484	(2,895,564)	(1,071,392)	(20,427,475)	25,407,598	7,534,331	32,941,929
Total comprehensive income for the period	-	-	-	(5,823)	(339,580)	(345,403)	(52,306)	(397,709)
Balance at 31 March 2016	49,625,545	176,484	(2,895,564)	(1,077,215)	(20,767,055)	25,062,195	7,482,025	32,544,220

* Accumulated losses as at 31 March 2017 include unrealized gains related to changes in fair value of financial assets at fair value through statement of profit or loss amounting to JOD (393,286).

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

Real Estate Development Company
Public Shareholding Company
Interim consolidated statement of cash flows for the three months ended at 31 March 2017

(In Jordanian Dinar)

	31 March 2017	31 March 2016
Operating activities		
Profit (loss) for the period	101,638	(379,419)
Depreciation	506	4,227
Changes in fair value of financial assets at fair value through statement of profit or loss	(393,286)	60,505
Company's share from associate companies operations	29,944	12,850
Currency exchange differences	(16,534)	(17,692)
Changes in working capital		
Accounts receivable	335,277	(480)
Other current assets	4,503	3,733
Other current liabilities	13,833	(23,609)
Accounts payable	(2,726)	(69,603)
Projects under construction	4,426	-
Real estates held for sale	224,502	-
Net cash flows from (used in) operating activities	<u>302,083</u>	<u>(409,488)</u>
Investing activities		
Investment in associate companies	-	(699)
Financial assets measured at fair value through statement of other comprehensive income	-	95,861
Investment properties	149,352	(2,251)
Net cash flows from investing activities	<u>149,352</u>	<u>92,911</u>
Financing activities		
Related parties	(322,203)	2,251
Bank facilities	56,303	228,118
Net cash flows (used in) from financing activities	<u>(265,900)</u>	<u>230,369</u>
Changes in cash and cash equivalents	185,535	(86,208)
Cash and cash equivalents, beginning of year	225,041	583,129
Cash and cash equivalents, end of the period	<u>410,576</u>	<u>496,921</u>

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

Real Estate Development Company
Public Shareholding Company
Notes to the condensed interim consolidated financial statements (Not Audited)
31 March 2017

(In Jordanian Dinar)

1. General

Real Estate Development Company was established on 24 June 1995 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (287). The Company obtained the right to start its operations on 21 October 1995. The company's head office is in the Hashemite Kingdom of Jordan. The company's main objective is exercising all real estate investment activities.

The company stocks are listed in Amman Stock Exchange – Jordan.

The accompanying condensed interim consolidated financial statements have been approved for issue by the company's Board of Directors on 30 April 2017.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

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

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

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

Principles of Consolidation

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

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

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

Real Estate Development Company PLC
Notes to the condensed interim consolidated financial statements (Not Audited)
31 March 2017

The following subsidiaries have been consolidated:

<u>Company</u>	<u>Ownership</u>	<u>Paid- in capital</u>	<u>Activity</u>
Iwan for Construction LLC	100%	10,000	Housing construction
Iwan for Engineering Consultancy	100%	1,000	Engineering consultancy
Al-Ula for Investment Management	100%	10,000	Real estate development
Daret Amman for Housing Projects LLC	83%	10,000	Housing construction
Arab East Investments for Real Estate PLC	70%	9,996,082	Real estate development
Dghaileeb for Real Estate Investments LLC	70%	10,000	Real estate development
Asrar for Real Estate Investments LLC	70%	10,000	Real estate development
Al- Molheq for Real Estate Investments LLC	52%	10,000	Real estate development
Noor Al Sharq for Real Estate Investments LLC	43%	10,000	Real estate development
Al- Ifsah for Real Estate Investments LLC	35%	10,000	Real estate development
Al Fanneyyah Lelmantojat Al Kharasaneyah LLC	35%	700,000	Real estate development

The financial statements for Noor Al Sharq for Real Estate Investments, Al- Ifsah for Real Estate Investments and Al Fanneyyah Lelmantojat Al Kharasaneyah were consolidated with the accompanying consolidated financial statements even though the ownership percentage is below 50% due to the control imposed by the Real Estate Development Company on the financial and operational policies of these companies.

Use of estimates

Preparation of the consolidated financial statements and the application of accounting policies require the company's management to estimate and assess some items affecting financial assets and liabilities and to disclose contingent liabilities. These estimates and assumptions also affect certain elements of the company's assets, liabilities and provisions, and revenue and expenses, and require estimating and assessing the amounts and timing of future cash flows. The mentioned estimates and assumptions are based on multiple factors with varying degrees of assessment and uncertainty. Moreover, the actual results may differ from the estimates due to the changes resulting from the conditions and circumstances of those estimates in the future.

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

- Management reviews periodically the tangible assets in order to assess the depreciation for the period based on the useful life and future economic benefits. Any impairment is taken to the interim consolidated statement of profit or loss.
- Management reviews periodically its financial assets, which presented at cost to estimate any impairment in its value, and an impairment of loss (if founded) is accrued in the interim consolidated statement of profit or loss.

Investment properties

Investment property is measured at cost less any accumulated depreciation and any accumulated impairment losses. Any revenue, operational expenses or impairment related to the investment properties is recorded in the consolidated statement of profit or loss. Investment properties are depreciated using the straight-line method at annual depreciation rates ranging from 2% to 15%. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the assets

Property and equipment

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives using the following annual depreciation rates:

Offices and other properties	2-10%
Machines & Equipment	10-20%
Vehicles	15%
Other	9-20%

When the expected recoverable amount of any property and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is recorded in the interim consolidated statement of profit or loss.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When the property and equipment are sold or discarded, the cost of them is disposed of and any profit or loss related to the disposal is recorded in the interim consolidated statement of profit or loss.

Financial assets at fair value through profit or loss

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

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

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

Financial assets at fair value through other comprehensive income

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.

Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the consolidated statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. In case those assets - or part of them- were sold, the resultant gain or loss is recorded in the interim consolidated statement of comprehensive income within owners' equity and the reserve for the sold assets is directly transferred to the retained earnings and not through the interim consolidated statement of profit or loss.

These assets are not subject to impairment testing.

Dividends are recorded in the interim consolidated statement of profit or loss.

Trading and settlement date accounting

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

Fair value

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

Pledged financial assets

Represent those financial assets pledged to other parties with the existence of the right of use for the other party (sale, re-pledge). These financial assets are measured according to their original classification.

Investment in associates

Investments in associates are accounted for using the equity method.

The carrying amount of the investment in associates is increased or decreased to recognize the company's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the company. Unrealized gains and losses on transactions between the company and its associates are eliminated to the extent of the company's interest in those entities.

Projects under development & Real estate held for sale

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

Accounts receivable

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short - term highly liquid investments.

Accounts payables and accruals

Accounts payable and accrued payments are recognized upon receiving goods or performance of services.

Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

Revenue recognition

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

Interest income is recognized on time proportion basis that reflects the effective yield on the assets.

Dividends income is recognized when it is declared by the General Assembly of the investee company.

Other revenues are recognized on the accrual basis.

Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs obtained in order to finance projects under construction are capitalized as part of the projects cost. The capitalizing of borrowing costs is stopped upon the completion of the project under construction.

Foreign currencies

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

Income tax

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

3. Tax Status

- The Company has settled its tax liability with Income Tax Department up to the year ended 2014.
- The income tax returns for the years 2015 and 2016 have been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- No income tax provision has been taken on the Company's results of operations for the three months ended at 31 March 2017 as the company's expenses exceeded its taxable revenues.

4. Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the company include cash and cash equivalents, receivables and securities. Financial liabilities of the company include loans from financial institutions and accounts payable.

Fair Value

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

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

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

31 March 2017	Level 1	Level 2	Level 3	Total
Financial assets at fair value through statement of profit or loss	1,884,670	3,826,134	-	5,710,804
Financial assets at fair value through other comprehensive income	1,333,456	71,942	-	1,405,398
	<u>3,218,126</u>	<u>3,898,076</u>	<u>-</u>	<u>7,116,202</u>
31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets at fair value through statement of profit or loss	1,491,383	3,809,600	-	5,300,983
Financial assets at fair value through other comprehensive income	1,068,381	71,525	-	1,139,906
	<u>2,559,764</u>	<u>3,881,125</u>	<u>-</u>	<u>6,440,889</u>

Interest rate risk

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

Credit Risk

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

Liquidity Risk

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

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

31 March 2017	Less than one year	More than one year	Total
Bank facilities	14,693	9,711,670	9,726,363
Accounts payable	324,425	-	324,425
Amounts due to related parties	-	5,594,177	5,594,177
Unearned revenues	2,380,185	-	2,380,185
Other current liabilities	1,148,554	-	1,148,554
	<u>3,867,857</u>	<u>15,305,847</u>	<u>19,173,704</u>

31 December 2016	Less than one year	More than one year	Total
Bank facilities	7,870,635	1,799,425	9,670,060
Accounts payable	327,151	-	327,151
Amounts due to related parties	-	5,883,751	5,883,751
Unearned revenues	2,380,185	-	2,380,185
Other current liabilities	1,134,717	-	1,134,717
	<u>11,712,688</u>	<u>7,683,176</u>	<u>19,395,864</u>

Equity Price Risk

Equity price risk results from the change in the fair value of equity securities. The company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the comprehensive income for the three months ended at 31 March 2017 would have been reduced / increased by JOD (321,813), (JOD 255,976 for 2016).

5. Capital Management

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

	31 March 2017	31 December 2016
Total Debt	9,726,363	9,670,060
Total Equity	38,859,267	38,492,168
Debt to Equity ratio	<u>25%</u>	<u>25%</u>