

ARAB REAL ESTATE DEVELOPMENT COMPANY
(ARAB CORP)

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2008

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
ARAB REAL ESTATE DEVELOPMENT COMPANY (ARAB CORP) .
AMMAN - JORDAN**

We have audited the accompanying financial statements of **ARAB REAL ESTATE DEVELOPMENT COMPANY (PUBLIC SHAREHOLDING COMPANY)** and its subsidiaries (the Group) , which comprise the consolidated balance sheet as at 31 December 2008 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

We did not audit the financial statements of the Company's subsidiaries, which reflect total assets and revenues of 8.6% and 15.4%, respectively, of the Group as of 31 December 2008 and for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate for 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 financial statements.

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

Basis of Qualification

International Accounting Standards require that significant decline in the fair value of available for sale investments be recorded as impairment losses in the consolidated income statement. Included in the cumulative change in fair value in the shareholders' equity is an amount of JD 21,569,463 resulting from the decline in fair value of certain investments which, in our opinion, should be recognized in the consolidated income statement.

The Group's Board of Directors believe that the decline in fair value is temporary, and accordingly, was recorded in the shareholders' equity.

Opinion

In our opinion, except for the effect of the matter mentioned in the previous paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2008 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis Of Matter

As disclosed in note (6) to the consolidated financial statements, investment properties as of 31 December 2008 include plots of land with a book value of JD 48,900,941 that are not registered in the name of the Group. The Group has irrevocable power of attorney in favour of some of the board members.

Amman – Jordan
14 March 2009

ARAB REAL ESTATE DEVELOPMENT COMPANY (ARAB CORP)
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2008

<u>ASSETS</u> <u>2007</u>	<u>Notes</u>	<u>2008</u>	
		JD	JD
Non – current assets			
Property and equipment	3	473,186	195,078
Projects in progress	4	6,549,716	478,157
Investments in associates	5	12,901,677	142,207
Investment properties	6	50,667,910	26,045,703
Available for sale investments	7	19,009,355	25,449,277
Checks under collection		81,077	345,548
Payments on account of investments	8	788,005	12,631,797
Due from related parties	9,26	<u>5,750,748</u>	<u>1,502,591</u>
		<u>96,221,674</u>	<u>66,790,358</u>
Current assets			
Accounts receivable	10	2,302,840	49,711
Other current assets	11	689,819	34,247
Buildings under construction	12	3,646,275	1,741,004
Due from related parties	26	4,691,785	17,721
Checks under collection		1,469,911	3,048,502
Trading Investments	13	1,892,295	4,783,480
Bank balances and cash	14	<u>1,477,196</u>	<u>1,256,026</u>
		<u>16,170,121</u>	<u>10,930,691</u>
TOTAL ASSETS		<u><u>112,391,795</u></u>	<u><u>77,721,049</u></u>
<u>EQUITY AND LIABILITIES</u>			
Equity attributable to equity holders of the parent			
Paid in capital	15	40,000,000	25,000,000
Additional paid in capital	15	12,500,000	7,500,000
Statutory reserve	16	803,426	803,426
Voluntary reserve		26,404	26,404
Cumulative change in fair value		(22,626,843)	(3,306,579)
Cumulative change in fair value – associates		(79,514)	-
Advances over capital increase		9,000,000	-
Retained earnings		<u>721,880</u>	<u>2,229,979</u>
		40,345,353	32,253,230
Minority interests		<u>75,523</u>	<u>15,580</u>
Total equity		<u><u>40,420,876</u></u>	<u><u>32,268,810</u></u>
Non - current liabilities			
Post dated checks		412,409	862,387
Long term loans	17	8,921,325	14,537,980
Bonds	18	<u>11,500,000</u>	<u>-</u>
		<u>20,833,734</u>	<u>15,400,367</u>
Current liabilities			
Accounts payable and other current liabilities	19	5,405,896	4,071,976
Post dated checks		32,378,176	565,836
Notes payable	20	-	13,500,000
Due to banks		296,239	106,099
Current portion of long term loans	17	8,353,547	9,584,783
Unearned revenues		1,038,008	96,035
Due to related parties	26	<u>3,665,319</u>	<u>2,127,143</u>
		<u>51,137,185</u>	<u>30,051,872</u>
Total liabilities		<u><u>71,970,919</u></u>	<u><u>45,452,239</u></u>

The attached notes 1 to 30 form part of these consolidated financial statements

TOTAL EQUITY AND LIABILITIES

112,391,795

77,721,049

The attached notes 1 to 30 form part of these consolidated financial statements

ARAB REAL ESTATE DEVELOPMENT COMPANY (ARAB CORP)
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	<u>Notes</u>	<u>2008</u> JD	<u>2007</u> JD
Continuing operations			
Revenues-			
Net gain from sale of land		2,859,209	7,511,818
Change in fair value of trading investments		(916,173)	117,040
Gain on sale of financial assets		80,517	676,084
Interest revenue		-	19,626
Dividends income		53,422	900,000
Projects revenues		543,073	137,413
Share of loss of associates	5	(2,762,107)	(122,961)
Revenue from sale of investments		<u>3,664,334</u>	<u>508</u>
Net revenues		<u>3,522,275</u>	<u>9,239,528</u>
Expenses-			
Administrative expenses	22	(907,946)	(636,859)
Commissions on sale and purchase of trading investments		(67,377)	(59,094)
Depreciation		(58,309)	(30,226)
Other expenses		(96,535)	-
Finance costs		(3,686,472)	(3,217,261)
Projects expenses		(144,958)	(72,453)
Jordanian Universities fees		-	(53,606)
Scientific research support fees		-	(53,606)
Technical and vocational education and training support fund fees		(1,775)	(46,618)
Board of Directors' remuneration		<u>-</u>	<u>55,561</u>
Total expenses		<u>(4,963,372)</u>	<u>(4,225,284)</u>
(Loss) profit for the year from continuing operations before tax		(1,441,097)	5,014,244
Income tax	23	(7,059)	-
(Loss) profit form continuing operations		(1,448,156)	5,014,244
Discontinued operations			
Profit for the year from a discontinued operation, after tax	21	<u>-</u>	<u>111,577</u>
(Loss) profit for the year		<u>(1,448,156)</u>	<u>5,125,821</u>
Attributable to:			
Equity holders of the parent		(1,508,099)	5,151,241
Minority interests		<u>59,943</u>	<u>(25,420)</u>
		<u>(1,448,156)</u>	<u>5,125,821</u>
		<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share	24	<u>(0/045)</u>	<u>0/234</u>
Basic and diluted earnings per share from continuing operations	24	<u>(0/042)</u>	<u>0/229</u>

The attached notes 1 to 30 form part of these consolidated financial statements

ARAB REAL ESTATE DEVELOPMENT COMPANY (ARAB CORP)
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	Attributable to equity holders of the parent											
	Paid in capital JD	Additional paid in capital JD	Statutory reserve JD	Voluntary reserve JD	Cumulative change in fair value JD	Cumulative change in fair value -associates JD	Advances over capital increase JD	Retained earnings			Minority interests JD	Total equity JD
								Realized JD	Unrealized JD	Total JD		
Balance at 1 January 2008	25,000,000	7,500,000	803,426	26,404	(3,306,579)	-	-	2,112,939	117,040	32,253,230	15,580	32,268,810
Change in fair value	-	-	-	-	(19,320,264)	(79,514)	-	-	-	(19,399,778)	-	(19,399,778)
Total income and expenses for the year recognized directly in equity	-	-	-	-	(19,320,264)	(79,514)	-	-	-	(19,399,778)	-	(19,399,778)
Loss for the year	-	-	-	-	-	-	-	(1,391,059)	(117,040)	(1,508,099)	59,943	(1,448,156)
Total income and expenses for the year	-	-	-	-	(19,320,264)	(79,514)	-	(1,391,059)	(117,040)	(20,907,877)	59,943	(20,847,934)
Increase in capital (Note 15)	15,000,000	5,000,000	-	-	-	-	-	-	-	20,000,000	-	20,000,000
Advances over capital increase	-	-	-	-	-	-	9,000,000	-	-	9,000,000	-	9,000,000
Balance at 31 December 2008	<u>40,000,000</u>	<u>12,500,000</u>	<u>803,426</u>	<u>26,404</u>	<u>(22,626,843)</u>	<u>(79,514)</u>	<u>9,000,000</u>	<u>721,880</u>	<u>-</u>	<u>40,345,353</u>	<u>75,523</u>	<u>40,420,876</u>

The attached notes 1 to 30 form part of these consolidated financial statements

ARAB REAL ESTATE DEVELOPMENT COMPANY (ARAB CORP)
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	Attributable to equity holders of the parent										
	Paid in capital	Additional paid in capital	Treasury Shares	Statutory reserve	Voluntary reserve	Cumulative change in fair value	Retained earnings (accumulated losses)		Total	Minority interests	Total equity
	JD	JD	JD	JD	JD	JD	Realized	Unrealized	JD	JD	JD
Balance at 1 January 2007	20,000,000	5,000,000	(166,197)	267,363	26,404	-	(2,385,199)	-	22,742,371	-	22,742,371
Change in fair value	-	-	-	-	-	(3,306,579)	-	-	(3,306,579)	-	(3,306,579)
Total income and expenses for the year recognized directly in equity	-	-	-	-	-	(3,306,579)	-	-	(3,306,579)	-	(3,306,579)
Profit for the year	-	-	-	-	-	-	5,034,201	117,040	5,151,241	(25,420)	5,125,821
Total income and expenses for the year	-	-	-	-	-	(3,306,579)	5,034,201	117,040	1,844,662	(25,420)	1,819,242
Minority interest	-	-	-	-	-	-	-	-	-	41,000	41,000
Treasury Shares	-	-	166,197	-	-	-	-	-	166,197	-	166,197
Transfers	-	-	-	536,063	-	-	(536,063)	-	-	-	-
Increase in capital	5,000,000	2,500,000	-	-	-	-	-	-	7,500,000	-	7,500,000
Balance at 31 December 2007	<u>25,000,000</u>	<u>7,500,000</u>	<u>-</u>	<u>803,426</u>	<u>26,404</u>	<u>(3,306,579)</u>	<u>2,112,939</u>	<u>117,040</u>	<u>32,253,230</u>	<u>15,580</u>	<u>32,268,810</u>

The attached notes 1 to 30 form part of these consolidated financial statements

ARAB REAL ESTATE DEVELOPMENT COMPANY (ARAB CORP)
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	<u>2008</u>	<u>2007</u>
	JD	JD
<u>OPERATING ACTIVITIES</u>		
(Loss) profit for the year from continuing operations before tax	(1,448,156)	5,014,244
Profit for the year from discontinued operations before tax	-	206,424
Adjustments for:		
Net gain from sale of land	(2,859,209)	(7,511,818)
Change in fair value of trading investments	916,173	(117,040)
Share of loss of associates	2,762,107	122,961
Gain on disposal of property and equipment	-	(508)
Depreciation from continuing operations	58,309	30,226
Profit from discontinued operations	-	(206,424)
Working Capital Changes:		
Accounts receivables	(2,253,129)	152,837
Checks under collection	1,843,062	(564,235)
Other current assets	(655,572)	(28,207)
Trading investments	1,975,012	1,839,280
Accounts payable and other current liabilities	1,333,920	4,545,570
Unearned revenues	941,973	(391,277)
Post dated checks	<u>224,510</u>	<u>(12,346,777)</u>
Net cash flows from (used in) operating activities	<u>2,839,000</u>	<u>(9,254,744)</u>
<u>INVESTING ACTIVITIES</u>		
Projects in progress	(624,017)	28,487
Purchase of investment properties	(2,920,509)	(20,541,874)
Purchase of property and equipment	(336,989)	(166,352)
Buildings under construction	(1,905,271)	(1,741,004)
Proceeds from sales of property and equipment	572	2,720
Payments on account of investments	343,792	(1,218,812)
Purchase of available for sale investments	(12,880,342)	(8,735,225)
Investment in associates	(4,101,091)	(265,168)
Proceeds from sale of investment properties	6,847,821	14,389,580
Due from related parties	<u>(8,922,221)</u>	<u>(1,520,312)</u>
Net cash flows used in investing activities	<u>(24,498,255)</u>	<u>(19,767,960)</u>
<u>FINANCING ACTIVITIES</u>		
Increase in capital	15,000,000	500,000
Additional paid in capital	5,000,000	2,500,000
Advances over capital increase	9,000,000	-
Due to related parties	1,538,176	627,143
Due to banks	190,140	(1,887,557)
Long term loans	(6,847,891)	14,805,718
Notes payable	(13,500,000)	13,500,000
Bonds	11,500,000	-
Minority interests	<u>-</u>	<u>41,000</u>
Net cash flows from financing activities	<u>21,880,425</u>	<u>30,086,304</u>
Net increase in cash and cash equivalents	221,170	1,063,600
Cash and cash equivalents at the beginning of the year	<u>1,256,026</u>	<u>192,426</u>
Cash and cash equivalents at the end of the year	<u><u>1,477,196</u></u>	<u><u>1,256,026</u></u>

The attached notes 1 to 30 form part of these consolidated financial statements

ARAB REAL ESTATE DEVELOPMENT COMPANY (ARAB CORP)
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2008

(1) GENERAL

Arab Real Estate Development Company (Arab Group) was established on 28 September 1995 with a share capital of JD 3,667,067 divided into 3,667,067 shares at JD 1 per share. The Company increased its shares capital during 2006 to JD 20,000,000. The General Assembly resolved in its meeting held during 2007 to increase the Company's authorized capital to JD 40,000,000. During 2007 the Company's share capital was increased by JD 5,000,000 to reach JD 25,000,000 divided into 25,000,000 shares at JD 1 per share. During 2008, the Company's share capital was increased by JD 15,000,000 to reach JD 40,000,000 divided into 40,000,000 shares at JD 1 per share.

The principal activities of the Company are to invest in real estate projects inside and outside Jordan, and to invest in shares, bonds, financial instruments, and in any other companies or projects.

The principal activities of the subsidiary companies are to invest in real estate projects, build housing compounds and perform general contracting.

The financial statements were approved by the Company's Board of Directors in their meeting held on 14 March 2009. The financial statements require the approval of the General Assembly.

(2-1) BASIS OF PREPARATION

The consolidated financial statements are prepared under the historical cost convention, modified to included measurement at fair value of available for sale and trading investments.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements are presented in Jordanian Dinars, which is the functional currency of the Group.

(2-2) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Arab Real Estate Development Company (the Company) and the following subsidiaries (the Group) as of 31 December 2008:

<u>Company Name</u>	<u>Principal Activities</u>	<u>Ownership Interest</u>
Al Monshaat for Real Estate Investments	Real Estate	80 %
Amlak for Contracting.	Contracting	65 %
Al Qarra for Real Estate Development	Real Estate	100 %
Al Onwan for Real Estate Development	Real Estate	100 %
Middle East Horizon Industrial Co.	Industrial	100%
Arab for Industrial Cities	Industrial	100%
Arab Land for Real Estate Investments	Real Estate	100%
Al Dahiyah Al Arabia for real estate Development	Real Estate	100%

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. All intra-group balances, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

(2-3) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year.

(2-4) USE OF ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

(2-5) SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets using annual percentages ranging between 9% to 20%.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. The impairment loss is recorded in the consolidated income statement.

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.

Projects in progress

Projects in progress are recorded at cost and include cost of land, construction and other expenses.

Investments in associates

The Group's investment in associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized.

The consolidated income statement reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and disclose this, when applicable, in the consolidated statement of changes in equity. Profit and losses resulting from transactions between the Group and the associate are eliminated to the extent of interest in the associate.

Investment properties

Investment properties represent land held for capital appreciation.

Investment properties are measured initially at cost including acquisition costs.

Available for sale investments

These are initially recognized at cost, being the fair value of consideration given including directly attributable acquisition costs and subsequently re-measured at fair value. Fair value changes are reported as a separate component of equity until the investment is derecognized or the investment is determined to be impaired. On derecognizing or impairment the cumulative gain or loss previously reported as "cumulative change in fair value" within the equity, is included in the consolidated income statement.

In case the fair value of an investment cannot be reliably measured, it is stated at cost and any impairment in the value is recorded in the consolidated income statement.

Trading Investments

These are initially recognized at cost (fair value of consideration given) and subsequently re-measured at fair value. All related realized and unrealized gains or losses are recognized in the consolidated income statement.

Trade Receivables

Accounts receivable are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

Cash and cash equivalents

For cash flow statement purposes, cash and cash equivalents include cash on hand, bank balances and short term deposits with an original maturity of three months or less.

Loans

All loans and borrowings are initially recognized at fair value. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost

using the effective interest method. Interest on borrowings is recorded in the consolidated income statement.

Accounts payable and accruals

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be measured reliably.

Revenue recognition

Revenue from sale of land is recognized when the significant risks and rewards of ownership of land have passed to the buyer, and the revenue can be reliably measured.

Revenue from sales of residential properties is recognized upon transfer of the significant risks and rewards of ownership and effective control of the properties to the buyer, usually when the construction is completed and the buyer obtains possession of property.

Dividends revenue is recognized when the Group's right to receive payment is established

Income tax

Tax expense comprises current tax and deferred taxes.

Current tax is based on taxable profits, which may differ from accounting profits published in the income statement. Accounting profits may include non-taxable profits or expenses which may not be tax deductible in the current but in subsequent financial years.

Current income tax is calculated in accordance with the Income Tax law no. 57 for the year 1985 and its subsequent amendments.

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is measured at the tax rates that are expected to apply to the year when the tax liability is settled or the tax asset is realized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Foreign currency transactions

Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the consolidated balance sheet date. Foreign exchange gains or losses are taken to the consolidated income statement.

(3) PROPERTY AND EQUIPMENT

2008 -	Land	Buildings	Furniture	Office equipment	Computers	Vehicles	Tools	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cost -								
Balance at 1 January 2008	-	-	57,905	27,233	15,219	76,950	53,858	231,165
Transfers	-	-	11,851	(11,586)	(265)	-	-	5
								336,989
Additions	-	-	131,503	16,352	27,167	128,124	33,843	9
Disposals	-	-	-	(672)	-	-	-	(672)
								567,482
At 31 December 2008	-	-	201,259	31,327	42,121	205,074	87,701	2
Accumulated Depreciation -								
Balance at 1 January 2008	-	-	6,873	3,011	4,182	10,488	11,533	36,087
Transfers	-	-	-	264	(264)	-	-	-
Charge for the year	-	-	13,339	2,420	4,759	13,175	24,616	58,309
Disposals	-	-	-	(100)	-	-	-	(100)
								94,296
At 31 December 2008	-	-	20,212	5,595	8,677	23,663	36,149	94,296
Net book value:								
At 31 December 2008	-	-	181,047	25,732	33,444	181,411	51,552	473,186
2007 -								
	Land	Buildings	Furniture	Office equipment	Computers	Vehicles	Tools	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cost -								
Balance at 1 January 2007	219,000	418,743	94,671	165,534	9,751	77,650	-	985,349
Additions	-	-	41,263	8,763	5,468	57,000	53,858	166,352
Disposals	-	-	(15,652)	-	-	-	-	(15,652)
		(418,743)						(904,884)
Disposal of a subsidiary	(219,000)	-	(62,377)	(147,064)	-	(57,700)	-	-
At 31 December 2007	-	-	57,905	27,233	15,219	76,950	53,858	231,165
Accumulated Depreciation -								
Balance at 1 January 2007	-	5,965	19,078	24,591	1,636	10,647	-	61,917
Charge for the year	-	4,187	10,399	15,107	2,546	12,821	11,533	56,593
Disposals	-	-	(13,440)	-	-	-	-	(13,440)
Disposal of a subsidiary	-	(10,152)	(9,164)	(36,687)	-	(12,980)	-	(68,983)
								36,087
At 31 December 2007	-	-	6,873	3,011	4,182	10,488	11,533	36,087
Net book value:								
At 31 December 2007	-	-	51,032	24,222	11,037	66,462	42,325	195,078

(4) PROJECTS IN PROGRESS

This item represents the cost of land and other expenses relating to the hotel apartments' project of Al-Qarrah for Real Estate Development Company and the commercial compound project of Al-Onwan Real Estate Development Company.

(5) INVESTMENTS IN ASSOCIATES

	<u>Country of incorporation</u>	<u>Ownership</u>
Bait Al Aamal (Eqarat.Com)	Jordan	25.00%
Mayadeen for Investments	Jordan	30.50%
Polaris for Investments	Jordan	40.00%
Aman for Financial Investments	Jordan	27.71%
Al-Taher for Investments	Jordan	50.00%
Dolb for Contracting	Jordan	35.00%

Movements on the Investments in associates are as follows:

	<u>2008</u>	<u>2007</u>
	<u>JD</u>	<u>JD</u>
Balance, beginning of the year	142,207	3,745,631
Investments during the year:		
Bait Al Aamal (Eqarat.com)	-	204,168
Mayadeen for Investments	-	61,000
Polaris for Investments	4,000,000	-
Aman for Financial Investments	11,500,000	-
Al-Taher for Investments	50,091	-
Dolb for contracting	51,000	-
Disposal during the year *	-	(3,745,631)
Cumulative change in fair value – associates	(79,514)	-
Share of loss for the year	(2,762,107)	(122,961)
Balance, end of the year	<u>12,901,677</u>	<u>142,207</u>

Following is a summary of the Group's share of the associates' assets and liabilities:

	<u>2008</u>	<u>2007</u>
	<u>JD</u>	<u>JD</u>
Non- current assets	46,629,252	194,978
Current assets	8,829,677	1,575,380
Non – current liabilities	(37,743,755)	(1,499,353)
Current liabilities	(4,813,497)	(128,798)
Net assets	<u>12,901,677</u>	<u>142,207</u>

(6) INVESTMENTS PROPERTIES

	<u>2008</u>	<u>2007</u>
Land-	JD	JD
Balance, beginning of the year	26,045,703	12,834,360
Additions	34,058,361	20,541,874
Disposals	(3,988,612)	(6,877,762)
Transfers to projects in progress	(5,447,542)	(452,769)
Balance, end of the year	<u>50,667,910</u>	<u>26,045,703</u>

Investment properties as of 31 December 2008 include plots of land with a book value of JD 48,900,941 that are not registered in the name of the Group. The Group has irrevocable power of attorney in favour of some of the board members.

The fair value of investment properties as of 31 December 2008 and 2007 was JD 52,988,727 and JD 37,439,969, respectively. The fair values for 2008 and 2007 were determined based on valuations performed by accredited independent real estate valuers.

(7) AVAILABLE FOR SALE INVESTMENTS

	<u>2008</u>	<u>2007</u>
	JD	JD
Quoted shares (Amman Stock Exchange)	14,444,383	24,440,051
Unquoted shares *	<u>4,564,972</u>	<u>1,009,226</u>
	<u>19,009,355</u>	<u>25,449,277</u>

* Unquoted shares are stated at cost as the fair value cannot be reliably measured.

(8) PAYMENTS ON ACCOUNT OF INVESTMENTS

	<u>2008</u>	<u>2007</u>
	JD	JD
Marina Tower (Dubai)	-	1,131,797
Aman For Financial Investments	-	11,500,000
Bait Al Amaal (Eqarat Dot Com)	225,000	-
Al Fohais First Investment Company	308,000	-
Sahel Al Arab for Realty Investments	5,005	-
Al Momayazeh for Petroleum	<u>250,000</u>	<u>-</u>
	<u>788,005</u>	<u>12,631,797</u>

(9) DUE FROM RELATED PARTIES

This amount represents the cash paid to Mayadeen Investment Company, which invests in Little Italy project in Dubai and Al Taher for Real Estate Development, which invests in Signature Offices Project in Al Abdali.

(10) ACCOUNT RECEIVABLE

	<u>2008</u>	<u>2007</u>
	JD	JD
Trade receivables	<u>2,302,840</u>	<u>49,711</u>
Movements on the allowance for doubtful debts were as follows:		
	<u>2008</u>	<u>2007</u>
	JD	JD
Balance, beginning of the year	-	306,212
Amounts written off	-	(3,000)
Disposal of a subsidiary	<u>-</u>	<u>(303,212)</u>
Balance, end of the year	<u>-</u>	<u>-</u>

As at 31 December, the ageing of unimpaired trade receivables is as follows

	<u>Total</u>	<u>Past due but not impaired</u>			
		<u>1 – 30</u>	<u>31 – 90</u>	<u>91 – 120</u>	<u>Over 121</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
31 December 2008	2,302,840	670	932,622	1,369,548	-
31 December 2007	49,711	289	99	-	49,323

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables.

(11) OTHER CURRENT ASSETS

	<u>2008</u>	<u>2007</u>
	JD	JD
Income tax receivable	4,903	2,861
Refundable deposits	6,931	6,271
Prepaid expenses	<u>677,985</u>	<u>25,115</u>
	<u>689,819</u>	<u>34,247</u>

(12) BUILDINGS UNDER CONSTRUCTION

This amount represents cost of the apartment building project related to Al Monshaat for Real Estate Investments (a subsidiary). The Subsidiary expects to complete the project and sell the apartments during 2009

(13) TRADING INVESTMENTS

This amount consists of investments in Quoted shares in Amman Stock Exchange.

(14) BANK BALANCES AND CASH

Included in bank balances are deposits with local banks in Jordanian Dinar amounting to JD 502,519 as of 31 December 2008. The deposits are short term in nature and earn interest at a rate of 6.5% per annum.

(15) PAID IN CAPITAL AND ADDITIONAL PAID IN CAPITAL

During 2008, the Company increased its capital by JD 15,000,000 through issuing 10,000,000 shares to its shareholders at JD 1 per share and 5,000,000 shares at JD 2 per share to a strategic partner. The difference between the issue price and par value amounting to JD 5,000,000 was recorded as additional paid in capital.

(16) STATUTORY RESERVE

As required by the Jordanian Companies Law, 10% of the profit before tax is transferred to statutory reserve. This reserve is not available for distribution to shareholders.

(17) LONG TERM LOANS

	<u>2008</u>			<u>2007</u>		
	<u>Short term</u> JD	<u>Long term</u> JD	<u>Total</u> JD	<u>Short term</u> JD	<u>Long term</u> JD	<u>Total</u> JD
Housing Bank for Trade and Finance	2,857,143	4,671,325	7,528,468	3,321,062	8,287,980	11,609,042
Jordan Kuwaiti Bank	1,800,000	-	1,800,000	2,000,000	-	2,000,000
Capital Bank	2,696,404	2,250,000	4,946,404	3,230,980	3,250,000	6,480,980
Jordan Ahli Bank	<u>1,000,000</u>	<u>2,000,000</u>	<u>3,000,000</u>	<u>1,032,741</u>	<u>3,000,000</u>	<u>4,032,741</u>
	<u>8,353,547</u>	<u>8,921,325</u>	<u>17,274,872</u>	<u>9,584,783</u>	<u>14,537,980</u>	<u>24,122,763</u>

Housing Bank For Trade And Finance

During March 2007, the Company obtained a loan from Housing Bank for Trade and Finance for an amount of JD 10,000,000. The loan bears interest at 9.25% and is repayable in 7 semi annual instalments of JD 1,702,313, which includes principal and interest. The first instalment fell due on 1 September 2008. The loan is secured by first degree mortgage on a plot of land for an amount of JD 9,000,900.

During June 2006, the company obtained a loan from Housing Bank for Trade and Finance for an amount of JD 5,000,000. The loan bears interest at 7.5% and is repayable in 8 quarterly instalments of JD 625,000, the first of which was due on 1 December 2006. The loan is secured by a first degree mortgage on a plot of land for an amount of JD 4,879,150. This loan has been paid in full during 2008.

Jordan Kuwaiti Bank

During March 2007, the Company obtained a loan from Jordan Kuwaiti Bank for an amount of JD 2,000,000. The loan bears interest at 9.75% and is repayable in one instalment on 1 March 2008. The loan is secured by a first degree mortgage on a plot of land for an amount of JD 1,000,000 and mortgage of 300,000 shares from the Company's Investment in United Arab Investors Company and 228,864 shares from the Company's investment in Offtek Investment Company. During 2008, the Company paid 10% of the JD 2,000,000 loan and rescheduled the rest to be paid in March 2009.

Capital Bank

During May 2006, the Company obtained a loan from Capital Bank for an amount of JD 5,000,000. The loan is repayable in 20 quarterly instalments of JD 250,000, the first instalment of which was due after a year from obtaining the loan. The loan is secured by a first degree mortgage on a plot of land for an amount of JD 4,000,000. The interest rate on this loan was 10% as of 31 December 2008.

During September 2007, The Company obtained a revolving loan from Capital Bank for an amount of JD 3,000,000. The loan is repayable after 6 months from the date of withdrawal of funds. The interest rate on this loan was 10.5% as of 31 December 2008.

During July 2008, the Company obtained a loan from Capital Bank for an amount of JD 10,000,000. The loan bears interest at 11% and is repayable in one instalment within six months from the date of granting. The loan is secured by a mortgage on 3,533,569 shares from the company's investment in United Arab Investors shares.

Jordan Ahli Bank

During November 2007, the Company obtained a loan from Jordan Ahli Bank for an amount of JD 4,000,000. The loan is repayable in 16 quarterly instalments of JD 250,000, the first of which was due on 31 January 2008. The loan is secured by a first degree mortgage on a plot of land for an amount of JD 4,068,000. The interest rate on this loan was 9.75% as of 31 December 2008.

(18) BONDS

During April 2008, the Company issued bonds for a total value of JD 11,500,000. The bonds bear an average interest rate of 10% per annum and are repayable in full during April 2011. Interest on the bonds is paid semi annually.

(19) ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	<u>2008</u>	<u>2007</u>
	JD	JD
Accounts payable	2,726,387	3,002,145
Shareholders payable – special offering	685,967	630,145
Income tax provision	12,059	5,000
Board of directors’ remuneration	8,822	55,561
Scientific research support fees	-	53,606
Jordanian universities’ fees	-	71,544
Accrued expenses	153,101	113,452
Income tax and social security	18,445	-
Technical and vocational education and training support fund fees	1,775	46,618
Accrued interest	708,898	-
Others	<u>1,090,442</u>	<u>93,905</u>
	<u>5,405,896</u>	<u>4,071,976</u>

(20) NOTES PAYABLE

During December 2007, the Company obtained a short term credit facility for an amount of JD 13,500,000. The facility bore interest at 9.1% and was repaid in full in June 2008.

(21) PROFIT FOR THE YEAR FROM A DISCONTINUED OPERATION, AFTER TAX

	<u>2008</u>	<u>2007</u>
	JD	JD
Company’s share of loss of Osool for Investments and Financial Services*	-	(748,478)
Profit from disposal of the investment in Osool for Investments and Financial Services**	<u>-</u>	<u>860,055</u>
	<u>-</u>	<u>111,577</u>

* On 8 October 2007, the Company sold its 100% share in Osool for Investment and Financial Services for JD 11,500,000. The selling price was satisfied by shares in Aman for Financial Investments Company, however, the shares were

not transferred to the Company as of 31 December 2007, and therefore, they were recorded as payments on account of investments in Aman for Financial Investment Company. In accordance with International Financial Reporting Standard (5), this activity was treated as a discontinued operation. The company share from the results of Osool for Investment and Financial Services are as follows:

	For the period from 1 January 2007 to 30 September 2007 JD
Revenues	755,474
Expenses	(659,760)
Finance costs	(722,978)
Depreciation	(26,367)
Loss for the period before tax	(653,631)
Income tax	(94,847)
Loss for the period	(748,478)

** The fair value of Osool for Investment and Financial Services assets and liabilities as of 30 September 2007 are as follows:

	JD
Non- current assets	963,561
Current assets	15,470,683
Current liabilities	<u>(7,841,874)</u>
Net Assets	8,592,370
Goodwill	<u>2,047,575</u>
	10,639,945
Selling price	<u>11,500,000</u>
Gain on disposal	<u><u>860,055</u></u>

(22) ADMINISTRATIVE EXPENSES

	<u>2008</u>	<u>2007</u>
	JD	JD
Salaries and related benefits	277,297	255,752
Social security	40,394	11,407
Stationary	20,210	4,037
Fees and taxes	23,434	36,753
Postage and telephone	26,280	8,826
Professional fees	39,219	26,639
Rental expenses	107,303	48,550
Water and electricity	9,802	3,650
Hospitality expenses	76,082	13,451
Advertising and marketing expenses	40,288	30,428
Insurance expenses	9,878	5,078
Consultancy fees	15,793	32,578
Prospectus expenses	29,760	-
Capital increase fees	62,914	79,025
Board of directors' transportation	47,487	61,235
Valuation fees	2,825	3,910
Donations	300	274
Maintenance	19,435	-
Travel and transportation	27,360	-
Others	<u>31,885</u>	<u>15,266</u>
	<u>907,946</u>	<u>636,859</u>

(23) INCOME TAX

The income tax provision for the year 2008 of JD 7,059 represents the income tax provision of Amlak for Contracting (a subsidiary) calculated in accordance with the Income Tax Law No. 57 for the year 1985 and its subsequent amendments.

No provision for income tax was recorded by the company and its other subsidiaries for the year 2008 due to the excess of expenses over taxable profits in accordance with the Income Tax Law No. 57 for the year 1985 and its subsequent amendments.

The Company reached a final settlement with the income tax department for the years up to 2002 and for the year 2005.

The Income and Sales Tax department reviewed the Company's records for the years 2003, 2004 and 2006. No final assessment has been issued up to the date of the consolidated financial statements.

The Income and Sales Tax department has not reviewed the Company's records for the year 2007 up to the date of the consolidated financial statements.

(24) EARNINGS PER SHARE

Basic and diluted earnings per share

	<u>2008</u> JD	<u>2007</u> JD
(Loss) Profit for the year (JD)	(1,508,099)	5,151,241
Weighted average number of shares during the year	<u>33,369,863</u>	<u>22,013,698</u>
Earnings per share	<u>(0/045)</u>	<u>0/234</u>

Basic and diluted earnings per share from continuing operations

	<u>2008</u> JD	<u>2007</u> JD
(loss) Profit for the year from continuing operations (JD)	(1,508,099)	5,039,664
Weighted average number of shares during the year	<u>35,698,630</u>	<u>22,013,698</u>
Earnings per share	<u>(0/042)</u>	<u>0/229</u>

(25) SEGMENTS INFORMATION

Principal activities of the Company are to invest in real estate and securities.

	<u>Continued Operations</u>			<i>Discontinued operations</i>	<i>Total</i>
31 December 2008	<u>Shares</u>	<u>Real Estate</u>	<u>Others</u>	<u>operations</u>	<u>Total</u>
	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>
Net revenues	2,882,100	640,175	-	-	3,522,275
Profit from discontinued operations	-	-	-	-	-
<u>Assets and liabilities</u>					
Investments in associates	12,828,961	72,716	-	-	12,901,677
Assets	34,518,616	77,399,993	473,186	-	112,391,795
Liabilities	8,408,589	60,026,553	3,535,777	-	71,970,919
<u>Other Segmental Information</u>					
Capital expenditures	-	-	336,989	-	336,989
Depreciation	-	-	58,309	-	58,309

31 December 2007	<u>Continued Operations</u>			<u>Discontinued operations</u>	<u>Total</u>
	<u>Shares</u>	<u>Real Estate</u>	<u>Others</u>		
	<u>JD</u>	<u>JD</u>	<u>JD</u>		
Net revenues	1,693,124	7,526,270	20,134	-	9,239,528
Profit from a discontinued operation	-	-	-	111,577	111,577
<u>Assets and liabilities</u>					
Investments in associates	-	142,207	-	-	142,207
Assets	41,732,757	35,793,214	195,078	-	77,721,049
Liabilities	16,246,153	25,952,555	3,253,531	-	45,452,239
<u>Other Segmental Information</u>					
Capital expenditures	-	-	166,352	-	166,352
Depreciation	-	-	30,226	-	30,226

(26) RELATED PARTY TRANSACTIONS

These represent transactions with related parties i.e. major shareholders, associated companies, directors and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Group's management.

Balances with related parties included in the consolidated balance sheet are as follows:

	<u>2008</u>	<u>2007</u>
	<u>JD</u>	<u>JD</u>
Due from related parties		
Current -		
Mayadeen for Investments - other current assets	11,151	17,721
Al Baha for Investments	53,839	-
United Arab Investors	4,400,000	-
Dolb for contracting	190,421	-
Others	<u>36,374</u>	<u>-</u>
	<u>4,691,785</u>	<u>17,721</u>
Non current -		
Mayadeen for Investments - Little Italy project	3,697,529	1,502,591
Al Taher for real estate development	<u>2,053,219</u>	<u>-</u>
	<u>5,750,748</u>	<u>1,502,591</u>

	<u>2008</u> JD	<u>2007</u> JD
Due to related parties		
Flagship for Food Trading Company	-	1,400,000
Jordan Global Food Distribution Company	-	350,000
Mayadeen for Investments	-	269,167
Gulf General Investment Company	499,974	-
Aman for Financial Investments	165,345	-
Osool for Investments & Financial services	3,000,000	-
Others	<u>-</u>	<u>107,976</u>
	<u>3,665,319</u>	<u>2,127,143</u>

Transactions with related parties included in the consolidated income statement are as follows :

	<u>2008</u> JD	<u>2007</u> JD
Net revenue from sale of land	<u>1,328,821</u>	<u>294,925</u>
Purchase of Land	<u>33,847,130</u>	<u>-</u>

Compensation of key management personnel

The remuneration for members of key management during the year was as follows:

	<u>2008</u> JD	<u>2007</u> JD
Salaries and benefits	<u>237,824</u>	<u>149,789</u>

(27) RISK MANAGEMENT

Interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets and liabilities (Banks deposits, due to banks, and loans).

The following table demonstrates the sensitivity of the income statement to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2008.

	<i>Increase/ decrease in basis points</i>	<i>Effect on loss</i>
2008		JD
JD	+70	199,980
JD	-70	(199,980)
2007		
JD	+70	(273,471)
JD	-70	273,471

Equity price risk

The following table demonstrates the sensitivity of the income statement (Trading Investments) and cumulative changes in fair value (Available for Sale) to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	<i>Change in equity price (%)</i>	<i>Effect on Loss JD</i>	<i>Effect on equity JD</i>
2008			
Amman Stock Exchange	30	(567,689)	5,702,807
2007			
Amman Stock Exchange	30	1,435,044	7,634,783

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables and with respect to banks by only dealing with reputable banks

The largest customer accounts for 52% of outstanding accounts receivable at 31 December 2008.

Liquidity risk

The Group limits its liquidity risk by ensuring bank facilities are available.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December 2008, based on contractual payment dates and current market interest rates.

Year ended 31 December 2008	<i>Less than</i>	<i>3 to 12</i>	<i>1 to 5</i>	<i>> 5 years</i>	<i>Total</i>
	<i>3 months</i>	<i>months</i>	<i>years</i>		
	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>
Due to banks	303,645	-	-	-	303,645
Accounts payable and other current liabilities	2,207,666	827,226	377,462	-	3,412,354
Post dated checks	9,285,576	23,092,600	412,409	-	32,790,585
Loans	5,856,847	3,817,313	10,259,525	-	19,933,685
Bonds	287,500	862,500	13,033,334	-	14,183,334
Total	17,941,234	28,599,639	24,082,730	-	70,623,603

Year ended 31 December 2007	<i>Less than</i>	<i>3 to 12</i>	<i>1 to 5</i>	<i>> 5 years</i>	<i>Total</i>
	<i>3 months</i>	<i>months</i>	<i>years</i>		
	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>
Due to banks	66,806	-	39,293	-	106,099
Accounts payable and other current liabilities	507,858	1,925,785	630,145	568,502	3,632,290
Post dated checks	171,319	394,517	862,387	-	1,428,223
Loans	5,919,133	5,473,793	16,844,562	-	28,237,488
Notes payable	-	14,114,250	-	-	14,114,250
Total	6,665,116	21,908,345	18,376,387	568,502	47,518,350

Currency risk

Most of the Group transactions are in Jordanian Dinars and accordingly, the company is not exposed to significant currency risk.

(28) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of trading investments, available for sale investments, cash and bank balances, accounts receivable, due from related parties and some other current assets.

Financial liabilities consist of accounts payable, loans, due to banks, bonds and some other current liabilities.

The fair values of the financial instruments are not materially different from their carrying values.

(29) CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2008 and 2007. Capital comprises share capital, additional paid in capital, advances over capital increase, statutory reserve, voluntary reserve and retained earnings, and is measured at JD 63,051,710 as at 31 December 2008 (2007: JD 35,559,809).

(30) NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures. The changes by IFRS 3R and IAS 27R will affect future acquisitions or loss of control and transactions with minority interests.

IAS 1 Revised Presentation of Financial Statements

The revised Standard was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

IFRIC 15 Agreement for the Construction of Real Estate

IFRIC 15 was issued in July 2008 and becomes effective for financial years beginning on or after 1 January 2009. The interpretation is to be applied retrospectively. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18.

IFRS 8 Operating Segments

The IASB issued IFRS 8 in November 2006. IFRS 8 replaces IAS 14 Segment Reporting (IAS 14) upon its effective date. This amendment becomes effective for annual periods beginning on or after 1 January 2009. Operating segments are expected to be the same as currently identified business segments under IAS 14.

IAS 23 Borrowing Costs (Revised)

The IASB issued an amendment to IAS 23 in April 2007. The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. This amendment becomes effective for annual periods beginning on or after 1 January 2009. The amendment is not expected to have any impact on the financial position or performance of the company.