

# شركة المعاصرون للمشاريع الاسكانية م.ع.م. Contempro For Housing Projects p.l.c.

بسم الله الرحمن الرحيم  
التوقيع  
السيد عمر  
السيد خالد  
٤/٤  
ص ٤

الرقم: م.هـ ٢٠١٩/٤/١٠٥٩

التاريخ: ٢٠١٩/٤/٣

السادة/ هيئة الأوراق المالية المحترمين  
دائرة الإفصاح المحترمين

تحية طيبة وبعد ،،،

عملاً بتعليمات الإفصاح الصادرة عن هيئتك الموقرة نرفق لكم طيه الميزانية العمومية باللغة الإنجليزية والحسابات الختامية وتقرير مراقبي الحسابات عن الفترة المنتهية ٣١ كانون أول ٢٠١٨ لشركة المعاصرون للمشاريع الإسكانية المساهمة العامة المحدودة .

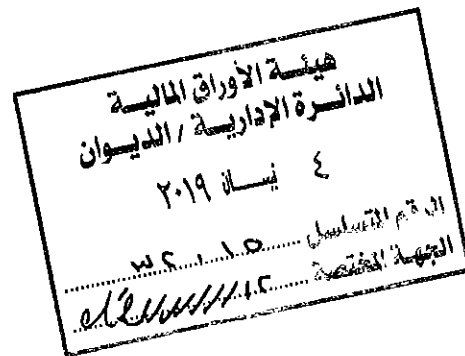
وتفضلوا بقبول فائق الاحترام ،،،

شركة المعاصرون للمشاريع الاسكانية

المدير العام

إياد محمد العماد

شركة المعاصرون للمشاريع الاسكانية  
Contempro For Housing Projects p.l.c.



CONTEMPO FOR HOUSING PROJECTS  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
TOGETHER WITH THE  
INDEPENDENT AUDITOR'S REPORT

CONTEMPO FOR HOUSING PROJECTS  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN  
DECEMBER 31, 2018

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## Independent Auditor's Report

**AM/017622**

To The Shareholders of  
Contempro for Housing Projects  
(A Public Shareholding Limited Company)  
Amman – Jordan

### **Opinion**

We have audited the financial statements of Contempro for Housing Projects Company, (A Public Shareholding Limited Company), which comprise the statement of financial position as of December 31, 2018, and the statement of income and other comprehensive income, statement of changes in shareholders equity, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the other ethical requirements that are relevant to our audit of the Company's financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter**

Without qualifying our opinion, and as mentioned in note (4) to the accompanying financial statements, the Company has restated the financial statements retrospectively to adjust the accounting policy of the revenue recognition.

### **Other Matters**

- The financial statements of the Company for the year ended December 31, 2017 were audited by another auditor whom issued an unqualified opinion on January 28, 2018.
- The accompanying financial statements are a translation of the statutory financial statements which are in the Arabic Language to which reference should be made.

## Key Audit Matters

Key audit matters, in our professional judgement, are the most significant matters in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion on the financial statements and we do not provide a separate opinion on these matters:

Impairment loss in apartment Available for sale	Scope of the Audit to Address the Risk
<p>Apartments ready and available for sale represents 62% of the Company's assets. Moreover, the Company has to prepare a study to determine if there is any impairment in the apartments value when preparing the financial statements and reflect the impairment in value "if any" in the statement of income in accordance with the requirements of the International Financial Reporting Standards. Accordingly, the Company relies on independent real estate evaluators to determine the fair value of these apartments ready and available for sale and reflect any impairments in their value in the statement of income for that period. Accordingly, fair value estimation of these assets is a key audit matter.</p>	<p>Our audit procedures included an assessment of the methodology applied in the impairment testing. We also assessed the reasonableness of the assumptions made by the management and the Real-Estate expert and the reports issued to assess the impairment in the apartments ready for sale. In addition, we have obtained the study prepared by the management and we have assessed it to ascertain the extent of the impact of potential changes on the basic assumptions. Furthermore, we have verified that the expert used by the company is accredited by the Department of Land and Survey.</p> <p>We have also assessed the adequacy of disclosures, which are shown in note (7).</p>

## Other Information

Management is responsible for other information which comprise information in the annual report excluding the financial statements and the independent auditor's reflect thereon. Furthermore, we expect the annual audit to be made available to us after the date of our audit report. Our opinion on the financial statements does not cover other information, and we do not express any type of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information above mentioned when it becomes available to us. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, if they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard procedures.

From the matters communicated with those charged with governance, we determine those matters of most significance in the audit of the financial statements of the current year, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

The Company maintains proper accounting records duly organized and inline with the accompanying financial statements. We recommend that the General Assembly of Shareholders approve these financial statements.

Amman – Jordan  
March 26, 2019

  
Deloitte & Touche (M.E.) – Jordan

**Deloitte & Touche (M.E.)**  
ديلويت آند توش (الشرق الأوسط)  
010105

**CONTEMPO FOR HOUSING PROJECTS**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - JORDAN**  
**STATEMENT OF FINANCIAL POSITION**

		December 31,		January 1, 2017
	Note	2018	2017	(Restated)
		JD	(Restated)	JD
			JD	
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash on hand and at banks	5	1,794,273	2,247,888	2,368,245
Accounts receivable - Net	6	127,688	170,574	105,423
Advance payment to subcontractor		848	23,954	4,465
Apartments available for sale	7	4,654,167	2,926,060	1,567,012
Financial assets at fair value through profit or loss	8	-	-	86,940
Other debit balances	9	11,717	18,701	13,568
Total Current Assets		<u>6,588,693</u>	<u>5,387,177</u>	<u>4,145,653</u>
<b>Non-Current assets:</b>				
Payments on projects under construction	10	892,793	2,735,665	4,615,705
Deferred tax assets	12/c	9,630	-	-
Property and equipment - net	11	<u>17,243</u>	<u>25,978</u>	<u>11,511</u>
Total Non - Current Assets		<u>919,666</u>	<u>2,761,643</u>	<u>4,627,216</u>
<b>TOTAL ASSETS</b>		<u><b>7,508,359</b></u>	<u><b>8,148,820</b></u>	<u><b>8,772,869</b></u>
<b>Liabilities and Shareholders' Equity</b>				
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts payable	13	52,258	62,250	65,083
Advanced payments from customers	14	313,697	857,000	753,652
Shareholders payable (dividends not distributed)	15	194,860	202,271	173,266
Income tax provision	12/a	3,874	6,282	20,583
Other credit balances	16	<u>40,444</u>	<u>113,606</u>	<u>134,855</u>
Total Current Liabilities		<u>605,133</u>	<u>1,241,409</u>	<u>1,147,439</u>
<b>TOTAL Liabilities</b>		<u><b>605,133</b></u>	<u><b>1,241,409</b></u>	<u><b>1,147,439</b></u>
<b>Shareholders' Equity:</b>				
Authorised and Paid-up capital	21/a	6,000,000	6,000,000	6,000,000
Statutory reserve	21/b	642,921	638,693	615,945
Voluntary reserve	21/c	169,064	169,064	1,069,064
Retained earnings / Accumulated (losses)		<u>91,241</u>	<u>99,654</u>	<u>(59,579)</u>
Total Shareholders' Equity		<u>6,903,226</u>	<u>6,907,411</u>	<u>7,625,430</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u><b>7,508,359</b></u>	<u><b>8,148,820</b></u>	<u><b>8,772,869</b></u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE  
FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM  
AND WITH THE ACCOMPANYING AUDIT REPORT.



CONTEMPO FOR HOUSING PROJECTS  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN  
STATEMENTS OF INCOME  
AND COMPREHENSIVE INCOME

	Note	For the year ended December 31,	
		2018	2017 (Restated)
		JD	JD
Sales of apartments		1,445,884	3,653,510
Cost of Sales		<u>(1,224,997)</u>	<u>(3,232,502)</u>
Gross operating profit		220,887	421,008
General and administrative expenses	17	(253,792)	(235,540)
Depreciation of property and equipment	11	(8,735)	(8,031)
Bank credit interest		81,348	60,400
Dividends Income		-	2,125
(Loss) of sale of financial assets at fair value through profit or loss		-	(16,340)
Profit on sale of property and equipment		-	3,854
Recovered from Expected credit loss	5	<u>2,567</u>	<u>-</u>
Income for the year before tax		42,275	227,476
Income tax expense	12/b	<u>(7,941)</u>	<u>(45,495)</u>
Profit for the Year / Total comprehensive Income for the year		<u>34,334</u>	<u>181,981</u>
Earnings per Share for the year (Basic and Diluted)	18	<u>0.006</u>	<u>0.030</u>

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**CONTEMPRO FOR HOUSING PROJECTS**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN – JORDAN**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Note	Paid-Up Capital	Statutory Reserve	Voluntary Reserve	Retained Earnings/ Accumulated (Losses)	Total
		JD	JD	JD	JD	JD
<b>For the Year Ended December 31, 2018</b>						
Balance at the beginning of the year (As disclosed Previously)		6,000,000	660,908	460,453	50,623	7,171,984
Pervious years adjustments	4	-	(22,215)	(291,389)	49,031	(264,573)
Net impact of implementation of IFRS (9)	3/b	-	-	-	(38,519)	(38,519)
Adjusted balance as of January 1, 2018		6,000,000	638,693	169,064	61,135	6,868,892
Total Comprehensive income for the year		-	-	-	34,334	34,334
Transferred to reserves		-	4,228	-	(4,228)	-
Balance at the end of the year		6,000,000	642,921	169,064	91,241	6,903,226
<b>For the Year ended December 31, 2017</b>						
Balance at the beginning of the year (As disclosed previously)		6,000,000	653,372	1,060,453	300,000	8,013,825
Pervious years adjustments	4	-	(37,427)	8,611	(359,579)	(388,395)
Adjusted balance as of January 01, 2017		6,000,000	615,945	1,069,064	(59,579)	7,625,430
Total Comprehensive income for the year		-	-	-	181,981	181,981
Transferred to reserved		-	22,748	-	(22,748)	-
Dividends *		-	-	(900,000)	-	(900,000)
Balance at the end of the year		6,000,000	638,693	169,064	99,654	6,907,411

\* The General Assembly approved in its meeting held on April 6, 2017 to distribute cash dividends to shareholders in an amount of JD 900,000 which represents 15% of the Company paid up capital.

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS  
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**CONTEMPO FOR HOUSING PROJECTS**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - JORDAN**  
**STATEMENT OF CASH FLOWS**

		For the Year Ended December 31,	
	Note	2018 JD	2017 (Restated) JD
Cash Flows from Operating Activities:			
Income for the year before tax		42,275	227,476
Adjustments for:			
(Gain) on sale of property and equipment		-	(3,854)
Loss on revaluation of financial assets at fair value through profit or loss		-	16,340
(Recovered) from expected credit loss provision		(2,567)	-
Depreciation and amortization	11	8,735	8,031
Net Cash Flows Operations before Changes in Working Capital		48,443	247,993
Decrease (increase) in accounts receivable		7,886	(170,574)
Decrease (increase) in apartments available for sale		1,224,997	(1,253,625)
Decrease (increase) in other debit balances		6,984	(5,133)
Decrease in financial assets at fair value through profit or loss		-	70,600
Increase (Decrease) in advance payment to subcontractor		23,106	(19,489)
(Decrease) in account payable		(9,992)	(2,833)
(Decrease) increase in shareholders payable (dividends not distributed)		(7,411)	29,005
(Decrease) increase in advanced payments from customers		(543,303)	103,348
(Decrease) in other credit balances		(73,162)	(21,249)
Net Cash Flows from (used in) Operating Activities before paid income tax		677,548	(1,021,957)
Paid income tax	12/a	(10,349)	(59,796)
Net Cash Flows from (used in) Operating Activities		667,199	(1,081,753)
Cash Flows from Investing Activities:			
(Purchasing) of property and equipment		-	(22,498)
Proceeds from sale of property and equipment		-	3,854
Payments on projects under construction		(1,110,232)	1,880,040
Net Cash (used in) flows from Investing Activities		(1,110,232)	1,861,396
Cash Flows from Financing Activities:			
Dividends		-	(900,000)
Net Cash (used in) Financing Activities		-	(900,000)
Net (decrease) in Cash		(443,033)	(120,357)
Cash on hand at and banks - beginning of the year		2,247,888	2,368,245
Cash on Hand and at Banks - End of the Year before the provision	5	1,804,855	2,247,888
Non-cash transactions:			
Net decrease in projects under construction		2,953,104	-
Increase in apartments available for sale		(2,953,104)	-

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CONTEMPRO FOR HOUSING PROJECTS  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN  
NOTES TO THE FINANCIAL STATEMENTS

1. General

- a. Contempro for Housing Projects Company was established as a Jordanian limited liability Company and was registered with the Ministry of Industry and Trade under No. (7285) on May 19, 2002 and it was converted to a public shareholding limited Company on January 3, 2006 and registered under No. (381). with a paid-up capital of JD 3,615,000 per Share and was increased on February 15, 2007 to be JD 6,000,000 per share with a par value of JD 1 per share. The address of the Company is Sweifieh, PO Box 831223, Amman-Jordan.
- b. The Company's main objectives are:
- Purchase of land and the establishment of apartments on them and sell without interest.
  - Investing the Company's funds in real estate fields.
  - Acquiring land to fulfill the Company's goals.
  - Investment of agricultural lands.
  - Borrowing from banks for the Company purposes up to 50% of the Company's paid-up capital.
  - Tourism investments.
  - Commercial investments.
- c. The Company's Board of Directors approved the financial statements on March 20, 2019.

2. Summary of Significant Accounting Policies

- Basis of Preparation of Financial Statements

- The financial statements of the Company are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) and their related interpretations.
- The financial statements of the Company are presented in Jordanian Dinar, which is also its functional currency.
- The financial statements are prepared according to the historical cost principle, except for the financial assets and the financial liabilities which are stated at fair value as of the date of the financial statements.
- The accounting policies adopted in the preparation of the financial statements of the company are consistent with those applied in the year ended December 31, 2017 except for the effect of adopting the new and modified standards stated in Notes (3-a) and (3-b), And the Impact of adjusting the accounting policy of revenue recognition method stated in note (4) about the financial statements.

The following are the most significant adopted accounting policies:

a. Debt Instruments at Amortized Cost or at Fair Value through Comprehensive Income

The Company evaluates the classification and measurement of the financial asset based on the contractual cash flow characteristics and the Company's business model for managing the assets.

For an asset to be classified and measured at amortized cost or at fair value through comprehensive income, its contractual terms should result in cash flows that are only principal and interest payments on the principal outstanding.

For the purpose of testing the principal and interest payments on the principal outstanding, the asset is the fair value of the financial asset at initial recognition. This principal amount may change over the life of the financial asset (for example, if there is a principal repayment). Interest consists of the consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and other basic lending options and risks, as well as the profit margin. An assessment of the principal and interest payments is made for the principal amount outstanding in the currency in which the financial asset is evaluated.

Contractual cash flows represent the principal and interest payments on the principal outstanding and are consistent with the underlying funding arrangement. Contractual terms involving exposure to risks or fluctuations in contractual cash flows unrelated to the underlying financing arrangement, such as exposure to changes in equity prices or commodity prices, do not result in contractual cash flows that are only from principal and interest payments. A financial asset granted or acquired may also be the primary financing arrangement regardless of whether it is a loan in its legal form.

#### Assessment of Business Model

Assessment of business models for the management of financial assets is essential for the classification of financial assets. Moreover, the Company defines business models at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. In this regard, the Company's business model does not depend on the management's intentions concerning an individual instrument, and therefore, the business model is evaluated at a group level and not on an instrument-by-instrument basis.

The Company adopts more than one business model to manage its financial instruments that reflect how the Company manages its financial assets to generate cash flows. In addition, the Company's business models determine whether cash flows will result from the collection of contractual cash flows, the sale of financial assets, or both.

The Company takes into account all relevant information available when conducting an evaluation of the business model. However, this assessment is not done on the basis of scenarios that the Company does not expect to occur reasonably, such as the so-called "worst case" or "stress state" scenarios. The Company also takes into account all available relevant evidence such as:

- The stated policies and objectives of the portfolio and the application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining a specific profit rate, matching the period of financial assets with the period of financial liabilities that finance those assets, or achieving cash flows through the sale of assets.
- How to evaluate the performance of the business model and financial assets held in this business model and to report to key management personnel;
- Risks affecting the performance of the business model (and the financial assets of that model) in particular the manner in which such risks are managed; and
- How to compensate business managers (for example, whether compensation is based on the fair value of the assets managed or on the contractual cash flows received).

Upon Initial recognition of the financial asset, the Company determines whether the newly recognized financial assets are part of an existing business model or whether they reflect the beginning of a new business model. The Company evaluates its business models in each reporting period to determine whether business models have changed since the prior period.

When a debt instrument measured at fair value through comprehensive income is derecognised, the cumulative gain / loss previously recognized in comprehensive income is reclassified as equity to the statement of income. On the other hand, for equity investments measured at fair value through comprehensive income, the cumulative gain / loss previously recognized in comprehensive income is not subsequently reclassified to the statement of income but transferred directly to equity.

Debt instruments that are subsequently measured are carried at amortized cost or at fair value through comprehensive income for impairment testing.

#### Reclassification

If the business model in which the Company retains financial assets changes, the financial assets that have been affected are reclassified. The classification and measurement requirements relating to the new class are effective from the first day of the first reporting period after the change in the business model resulting in the reclassification of the Company's financial assets. Changes in contractual cash flows are considered in the accounting policy for the adjustment and disposal of the financial assets described below.

#### Impairment

The Company recognizes the expected credit loss provisions on the following financial instruments that are not measured at fair value through the income statement:

- Balances and deposits with banks and financial institutions.
- Account Receivables.
- Checks under collection

No impairment loss is recognized in equity instruments.

The Company calculates the impairment of financial statements using the simplified method.

#### Defining Default

The definition of default is very important in determining the expected credit loss. It is used to measure the value of credit loss, because default is a component of the probability of default that affects the measurement of credit losses.

#### Impairment of Financial Assets

The Company takes a provision for the expected credit losses on account receivables and cash on hand and cash at banks. The expected credit losses are updated on each reporting date to reflect changes in creditworthiness since the initial recognition of the relevant financial instrument.

The Company continuously records the expected credit losses over their lives as regards receivables and cash on hand and cash at banks. Moreover, the expected credit losses are estimated using a provision matrix based on the Company's previous credit loss experience and adjusted to the factors relating to debtors, general economic conditions, and assessment of the current and future conditions at the reporting date, including the time value of cash, as appropriate.

For all other financial assets, the Company recognizes the expected credit losses over their lifetime if there has been a significant increase in credit risk since initial recognition. The expected credit loss over its life span represents the expected credit losses that will arise from all probable defaults over the course of the expected lifetime of the financial instrument.

#### Provision for the Expected Credit Losses

The Company has adopted the simplified method to recognize the expected credit losses over their lifetime concerning account receivables and cash on hand and at banks as permitted by IFRS (9). Accordingly, non-impaired account receivables and cash on hand and at banks that do not contain a significant component of finance have been classified within the second stage with the recognition of expected credit losses over their lifetime.

A provision for the expected long-term credit loss of a financial instrument should be recognized if the credit risk on that financial instrument increases substantially since initial recognition, and the expected credit loss is a potential weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of several future economic scenarios, discounted at the effective interest rate of the asset.

The Company assesses whether there is an objective evidence of impairment on an individual basis for each asset with an individual value and collectively for other assets that are not individually significant.

Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

#### Modification and Derecognition of Financial Assets

An adjustment is made to the financial asset when the contractual terms that govern the cash flows of a financial asset are renegotiated or otherwise modified between the initial recognition and maturity of the financial asset. The adjustment affects the amount and / or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is adjusted, the Company assesses whether such an adjustment results in derecognition. According to the Company's policy, the adjustment leads to derecognition when it causes a significant difference in terms.

If a financial asset is derecognized, the provision for expected credit losses at the derecognition date is re-measured to determine the net carrying amount of the asset at that date. The difference between the adjusted carrying amount and the fair value of the new financial assets with the new terms will result in a gain or loss on derecognition.

When the contractual terms of a financial asset are modified, and the adjustment does not result in derecognition, the Company determines whether the credit risk of the financial asset has increased significantly since initial recognition by comparing,

- the probability of non-payment for the remaining period estimated on the basis of data at initial recognition and original contractual terms; with
- The probability of non-payment for the remaining period at the reporting date based on the modified terms.

When the adjustment does not result in derecognition, the Company calculates the adjustment gain / loss to compare the total carrying amount before and after the adjustment (except for the expected credit loss provision). The Company then measures the expected credit loss of the adjusted asset, as the expected cash flows arising from the adjusted financial asset are included in the expected cash deficit from the original asset.

#### Derecognition of Financial Assets

The Company derecognises a financial asset upon expiry of the contractual rights relating to the receipt of the cash flows from the asset, or when the entity has transferred the financial asset, together with all significant risks and rewards of ownership, to another entity. If the Company does not transfer or retain substantially the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its remaining interest in the transferred asset and the related liabilities that the Company may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the financial asset.

Upon derecognition of any financial asset measured at amortized cost, the difference between the carrying amount of the asset and the consideration received or receivable is recognized in the statement of income.

#### Write-off

The Company written-off financial assets when there is information indicating that the debtor is experiencing financial difficulties, and there is no realistic probability of recovery, for example. Such written-off also applies if the debtor is placed under liquidation, or he has filed for bankruptcy, or where trade receivables are past due for more than two years, whichever is earlier. The Company may continue to subject written-off financial assets to collection procedures, taking into account legal advice, where appropriate. Meanwhile, any recoveries are recognized in the statement of income.

#### b. Property and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated losses resulting from impairment in the value. The cost consists of all the expenses related directly in purchasing the asset. When there is any part of the properties and equipments with a different useful life it's processed as a separate item within the property and equipment.

Property and equipment are depreciated based on the straight-line method over their estimated useful lives using ranges between 10-15 years, in order to decrease the cost of assets over their useful lives.

Property and equipment are derecognized when disposed of or when no future benefits are expected from their use or disposal.

Any gain or loss arising on disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is disposed.

The useful lives, residual value and depreciation method of property and equipment are reviewed as of the date of the financial statements, and changes results are calculated in a prospective effect.

#### c. Projects under construction

Projects under construction are shown at cost and include the cost of construction, equipment and direct expenses.

#### d. Foreign Currency Transactions

Exchange rate differences are recorded in income statement in the period in which they arise.

#### e. Account payables and accrued expenses

Liabilities are recognized for accrued payables amounts in the future for accrued services, whether claimed or not claimed by the supplier.



f. Provisions

Provisions are recognized in the statement of income when the Company has obligations on the date of the statement of financial position as a result of past events, it is probable to settle the obligation, and the amount of the obligation can be reliably estimated.

g. Apartments available for sale

Apartments available for sale are stated at the lower of cost or net realizable value. Cost includes an appropriate share of land development costs charged to apartments for sale. The actual cost per unit is determined separately. Net realizable value represents the sale price of the apartments less all the costs required to complete the sale.

h. Income tax

- Income tax expenses represent accrued taxes and deferred taxes.
- Accrued Tax expenses are calculated based on taxable income. Moreover, taxable income differs from income declared in the statement of income, as declared revenue includes non-taxable revenue, tax expenses not deductible in the current year but deductible in the subsequent years, or accumulated losses acceptable by the tax authorities, or allowable for tax deduction purposes.
- Taxes are calculated according to the tax rates prescribed by the prevailing laws, regulations, and instructions in Jordan.
- Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount, Deferred taxes are calculated according to the liability method in the statement of financial position, based on the tax rates expected to be applied at the tax liability settlement date, or the realization of the deferred tax assets.

i. Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the statement of financial position when there are binding 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.

j. Revenue recognition

Revenue from selling apartments

The Company recognises revenue mainly from sales of apartments. Revenue is measured at the fair value of the amounts received or to be collected from the contracts with customers. Revenue is recognized when the Company transfers the ownership of the apartments to the customer when the ownership of the apartments is waived in the Department of Land and Survey according to the Jordanian law. All contracts are considered void if they are not documented in the department.

Apartment available for sales revenue is recognized at the fair value of the consideration received when all the following conditions are met:

- a. The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the apartments sold;
- b. The Company does not maintain its ongoing management relationship, which is usually related to the ownership of the apartments or their actual control over these sold apartments; and
- c. The amount of revenue can be measured reliably;
- d. It is probable that the economic benefits associated with the transaction will flow to the Company; and

- e. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

**k. Interest Income and Expenses**

Interest income and expense for all financial instruments are recognized in the statement of income and comprehensive income using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI), the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset

**l. Financial Liabilities and Equity Instruments Issued by the Company**

**Classification as Debt or Equity Instruments**

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance matter of the contractual arrangements, the definitions of financial liabilities, and the equity instrument.

**Equity Instruments**

An equity instrument is defined as a contract that evidences ownership of the remaining shares of an entity's assets after deducting all liabilities. The equity instruments issued are recorded with the proceeds received net of the direct issue cost.

**Financial Liabilities**

All financial liabilities are subsequently measured at amortized cost using the effective yield method or at fair value through profit or loss. Financial liabilities that are not (i) a potential consideration for the acquiree in a business combination, (ii) held for trading, or (iii) designated at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

Other accounts payable are initially classified as "financial liabilities" at fair value less transaction costs, whereas they are subsequently measured at amortized cost using the effective yield method. Interest expense is recognized on an effective yield basis except for short-term liabilities if the return recognition is insignificant.

The effective yield method is the method of calculating the amortized cost of a financial liability and allocating the expense over the period in question. The effective interest rate is the rate that exactly discounts the expected future cash payments within the expected life of the financial obligation or where appropriate, a shorter period.

**Derecognition of Financial Liabilities**

The Company derecognises financial liabilities when it is discharged from its obligations, or when such obligations are canceled or expired. The difference between the carrying amount of the derecognised financial liability and the consideration payable or payable is recognized in profit or loss.

#### Foreian Exchange Gains and Losses

The carrying amount of financial assets recorded in a foreign currency is determined and translated at the rate prevailing at the end of each reporting period. Specifically:

For financial assets measured at amortized cost that are not part of a specific hedging relationship, the currency exchange differences are recognized in the statement of income; and

For debt instruments measured at fair value through comprehensive income that are not part of a specific hedging relationship, the exchange differences on the amortized cost of the debt instrument are recognized in the income statement, Other exchange differences in comprehensive income are recognized in the revaluation reserve; and

If financial liabilities are part of a portfolio managed on a fair value basis, in accordance with a documented risk management or investment strategy; or if a derivative is included in the basic financial or non-financial contract, and the derivative is not closely related to the basic contract.

#### Fair Value

Closing market prices (acquiring assets / selling liabilities) in active markets at the date of the financial statements represent the fair value of traded financial derivatives. In case declared market prices do not exist, some financial derivatives are not actively trading, or the market is inactive, fair value is estimated by one of several methods including the following:

- Comparing it with the market value of another financial asset with similar terms and conditions.
- Analyzing future cash flows and discounting the expected cash flows based on a rate used for similar instruments.
- Adopting option pricing models,

The valuation methods aim at providing a fair value reflecting market expectations, and take into consideration market factors, risks, and future benefits when estimating the derivatives value. Moreover, financial assets, the fair value of which cannot be reliably measured, are stated at cost less any impairment.

### 3. Application of new and revised International Financial Reporting Standards

#### a. Amendments with no material effect on the financial statements of the company:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2018 or thereafter in the preparation of the Company's financial statements that did not materially affect the amounts and disclosures in the financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

<u>New and revised standards</u>	<u>Amendments to new and revised IFRSs</u>
<b>Annual improvements to IFRSs issued between 2014 and 2016.</b>	Improvements include amendments to IFRS (1) "Application of International Standards for the First Time" and IAS 28 "Investments in Associates and Joint Ventures (2011)".
	The amendments clarify that the option of investment and other similar enterprises to measure investments in associates and joint ventures at fair value through statement of income is available separately for each associate or joint venture and that the selection should be made at initial recognition.
	As for the option of an entity which is not an investment property, the fair value measurement applied by the associate and the joint venture that are an investment property shall be maintained when applying the equity method. The amendments provide a similar clarification that this option is available to each associate of an investment nature or a joint venture with an investment nature.

**New and revised standards**  
**IFRIC 22: "Foreign currency transactions and advances".**

**Amendments to new and revised IFRSs**

This interpretation deals with how to determine the "date of the transaction" for the purpose of determining the exchange rate to be used at the initial recognition of the asset, expense, or income when it is taken into account that this is paid or received in advance by a foreign currency that results in the recognition of non-monetary assets or non-monetary liabilities.

The interpretation determines that the transaction date is the date on which the non-monetary assets or non-monetary liabilities arising from the payment or receipt of payments are recognized in advance. If multiple payments or receipts are received in advance, the interpretation requires the Company to determine the transaction date for each payment or receipt of the cash consideration in advance.

This Interpretation relates to transactions made in foreign currency or parts of such transactions in the event that:

- A consideration in foreign currency or priced in foreign currency exists;
- An entity recognizes an asset that has been paid in advance or deferred income liabilities related to that consideration on a date prior to the recognition of the relevant assets, income, or expenses; and
- Prepaid assets or deferred income liabilities are not cash.

**Amendments to IAS**  
**"Investment properties".**

**40:** The amendments indicate that transfers to or from real estate investments require an assessment of whether the properties meet or no longer meet the definition of real estate investments and are backed up by observable evidence of a change in use. The amendments also indicate that the cases included in the standard are not comprehensive and that a change in use can be made with respect to the properties under construction (i.e. the change in use is not limited to completed properties)

**Amendments to IFRS 2 "Share-based Payment".**

These amendments relate to the classification and measurement of share-based payment transactions. These amendments clarify the following:

1. When estimating the fair value of a payment on the basis of shares paid in cash, accounting for the effects of the accrual and non-accrual provisions should be accounted for based on the same method used for share-based payments.
2. If the tax law/ laws require the Company to keep a certain number of equity instruments equal to the monetary value of the employee's tax liability to meet his tax obligations and then transfer it to the tax authority (usually cash), i.e. the share-based payment arrangement has a "net settlement feature", this entire arrangement should be classified as a payment from equity, provided that the share-based payment may be classified as payment from equity even if the settlement feature was not included in the net.

New and revised standards	Amendments to new and revised IFRSs
	<p>3. The share-based payment adjustment should be accounted for to modify the transaction from a cash payment to a share-based payment as follows:</p> <ul style="list-style-type: none"> <li>A. Abrogation of the original obligation;</li> <li>B. Recognition of the share-based payment at the date of adjusting the fair value of the granted equity instrument to the extent that the services have been performed up to the date of the adjustment; and</li> <li>C. Recognition of any difference between the present value of the liability at the date of the adjustment and the amount recognized in equity in the statement of income</li> </ul>
<p><b>Amendments to IFRS "Insurance contracts".</b></p>	<p>4: These amendments relate to the difference between the effective date of IFRS 9 and the new standard for insurance contracts.</p>
<p><b>IFRS 15 Revenue from Contracts with Customers</b></p>	<p>In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 <i>Revenue</i>, IAS 11 <i>Construction Contracts</i> and the related interpretations when it becomes effective.</p> <p>The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:</p> <p>Step 1: Identify the contract(s) with a customer.  Step 2: Identify the performance obligations in the contract.  Step 3: Determine the transaction price.  Step 4: Allocate the transaction price to the performance obligations in the contract.  Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.</p> <p>Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.</p>
<p><b>Amendments to IFRS 15 "Revenue from Contracts with Customers".</b></p>	<p>These amendments relate to the clarification of three aspects of the standard (determination of performance obligations, client versus agent considerations, and licensing) and some transitional exemption for modified contracts and completed contracts.</p>

b. Amendments with material effect on the financial statements of the Company:

**IFRS 9 Financial Instruments**

IFRS 9 was issued in November 2009, and new requirements for the classification and measurement of financial assets were introduced. Subsequently, the Standard was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and the derecognition of financial liabilities. The Standard was amended in November 2013 to include new requirements for general hedge accounting. An amended version of the Standard was issued in July 2014 to include: (a) the requirements for impairment of financial assets; and (b) limited adjustments to the classification and measurement requirements by introducing the "fair value through other comprehensive income" category of some simple debt instruments.

IFRS 9 "*Financial Instruments*" issued by the International Accounting Standards Board (IASB) was adopted in July 2014. The initial date of implementation of this standard was December 1, 2018. The application of IFRS 9 led to changes in the accounting policies and amendments to the previously recognized amounts in the financial statements. Moreover, the Company has early adopted IFRS 9 (first phase), regarding the classification and measurement of financial assets since the beginning of 2010.

As required by the transitional provisions of IFRS 9, the Company has not restated the comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities have been recognized on the date of transition in the opening balances of retained earnings and non-controlling interests for the current period. The Company has also chosen to continue to apply the accounting requirements of IAS 39 "*Financial Instruments: Recognition and Measurement*", concerning the application of IFRS 9.

IFRS 9 has resulted in changes in the accounting policies for the identification, classification, and measurement of financial assets and liabilities and the impairment in value of financial assets. IFRS 9 also modifies other standards that address financial instruments such as IFRS 7 "*Financial Instruments: Disclosures*".

The final version of IFRS 9 includes the accounting requirements for financial instruments and supersedes IAS 39 "*Recognition and Measurement*". The new version of the standard includes the following requirements:

**Classification and Measurement:**

Financial assets are classified based on the business model and contractual cash flow characteristics. The 2014 version provides a new classification of certain debt instruments that could be classified as "financial assets at fair value through other comprehensive income". The financial liabilities are classified similarly to IAS 39, but there are differences in the requirements applied to the measurement of credit risk relating to the entity.

**Impairment:**

The 2014 version provided the "expected credit loss" model to measure the impairment loss of financial assets, and therefore, it is not necessary to increase the credit risk before recognizing the credit loss.

**Hedge accounting:**

The 2014 version provided a new model for hedge accounting designed to be more appropriate with how an entity manages risk when exposed to financial and non-financial hedging risks.

**Derecognition:**

The requirements for derecognition of financial assets and financial liabilities have been followed in accordance with IAS 39.

The details of the accounting policies adopted by the Company and the significant estimates used by the Company's management in accordance with IFRS (9) as set out and applied in the current period as stated in Note 2. The disclosure regarding the impact of the adoption of the IFRS 9 on the Company is as follows:

January 1 ,2018	Balance before the implementation of the standard JD	Impact of the implementation of the standard JD	Adjusted balance after impact of implementing the standard JD
<b><u>Shareholders' Equity</u></b>			
Retained earnings	99,654	(38,519)	61,135
<b><u>Assets</u></b>			
Cash on hands and at banks	2,247,888	(13,149)	2,234,739
Trade receivables - Net	170,574	(35,000)	135,574
Deferred tax assets	-	9,630	9,630

The following is provision for Expected credit loss for the year ended Dec. 31, 2018:

	Beginning balance (Adjusted) JD	Movement During the year JD	Balance at the end of the year JD
Cash on hands and at banks	13,149	(2,567)	10,582
Account receivables - Net	35,000	-	35,000

**c. New and revised IFRS in issue but not yet effective and not early adopted**

The Company has not adopted the following new and amended IFRSs issued but not yet effective as of the date of the financial statements with its details as follows:

<b>New and revised IFRS</b>	<b>Amendments to new and revised IFRSs</b>
<b>Annual Improvements to IFRS Standards for financial statement issued in 2015 - 2017</b> (Effective form on January 1, 2019).	The annual Improvements includes Amendments to IFRS 3 " <i>Business Combinations</i> ", IFRS 11 " <i>Joint Arrangements</i> ", IAS 12 " <i>Income Taxes</i> " and IAS 23 " <i>Borrowing Costs</i> ."
<b>IFRIC 23 Uncertainty over Income Tax Treatments</b> (Effective form on January 1, 2019).	<p>The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS 12 and specifically addresses:</p> <ul style="list-style-type: none"> <li>• whether the tax treatment should be considered in aggregate:</li> <li>• assumptions regarding the procedures for the examination of tax authorities:</li> <li>• determine taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates:</li> <li>• The impact of changes in facts and circumstances.</li> </ul>

**IFRS 16 "Leases"**  
(Effective form on January 1, 2019).

IFRS 16 defines how the preparer of the reports can recognize, measure, display and disclose lease contracts. The Standard also provides a separate accounting model for tenants that requires the lessee to recognize the assets and liabilities of all lease contracts unless the lease is 12 months or less or the asset is of low value. Lenders continue to classify leases as operating or financing leases. The approach of IAS 16 on accounting of lessors has not changed significantly from IAS 17.

**Amendments in IFRS 9 "Financial Instruments"**  
(Effective form on January 1, 2019).

These amendments are related to Prepayment Features with Negative Compensation. The current requirements of IFRS 9 regarding termination rights have been amended to allow for the measurement at amortized cost (or, based on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

**Amendments to IAS 28 "Investment in Associates and Joint Ventures"**  
(Effective form on January 1, 2019).

These amendments relate to long-term shares in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 "Financial Instruments" to long-term shares in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.

**Amendment to IAS 19 "Employee Benefits"**  
(Effective form on January 1, 2019).

These amendments are related to amendment, curtailment or settlement of a defined benefit plan.

**Amendment to IAS 1 "Presentation of financial statement"**  
(Effective form on January 1, 2020)

These amendments are related to definition of material.

**Amendment to IFRS 3 "Business Combinations"**  
(Effective form on January 1, 2020).

These amendments clarify the definition of business as the International Accounting Standards Board published the Conceptual Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation and disclosure.

In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS 2, 3, 6 and 14 and IAS 1, 34, 37 and 38) and IFRIC 12, Interpretation 19, Interpretations 20 and 22 and Interpretations of the Standing Committee for the Interpretation of Standards No. 32 in order to update those statements with regard to references and quotations from the framework or to refer to a reference to Different from the conceptual framework.



New and revised IFRS	Amendments to new and revised IFRSs
<b>IFRS 17 "Insurance Contracts"</b> (Effective from on January 1, 2022).	It provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, principled accounting objective for insurance contracts. IFRS 17 replaces IFRS 4 Insurance Contracts.  IFRS 17 requires measurement of insurance liabilities at the present value of the liability.
<b>Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 "Investments in Associates and Joint Ventures (2011)"</b>  (Effective date deferred indefinitely. Adoption is still permitted.)	These amendments are related to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Management expects to apply these new standards, interpretations and amendments to the financial statements of the Company when they are applicable and the adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the initial period of application except for the effect of the adoption of IFRS 16, Shown below:

#### **Effect of Application of IFRS 16 "Leases"**

The Standard provides a comprehensive model for determining and treating lease arrangements in the financial statements of both lessors and lessees. It will also replace IAS 17 "Leases" and related interpretations when it becomes effective for the financial periods beginning on or after January 1, 2019.

As permitted by the transitional provisions of IFRS 16, the Company will not restate the comparative figures. Any changes in the carrying amount of assets and liabilities at the date of transition are recognized in the opening balances of the related balances.

There is no material difference between the accounting treatment in the lessor's books between IFRS 16 and IAS 17.

The change in the definition of the lease relates mainly to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the use of a specific asset and the control is present if the customer has:

- The right to a substantial degree of all economic benefits arising from the use of specific assets; and
- The right to direct the use of this asset.

#### Effect on the Accounting Treatment in the Lessee's Records Operating Leases

Under IAS 16, the accounting treatment of leases previously classified as operating leases in accordance with IAS 17, which were classified as items outside the statement of financial position, has been changed.

In the initial application of IFRS 16 (except as referred to below), the Company will undertake the following for all leases:

- A. Recognition of "right to use" assets and lease commitments in the statement of financial position. These assets are initially measured on the basis of the present value of future cash flows paid.
- B. Recognition of the depreciation of "right to use" assets and interest on lease commitments in the statement of income.
- C. Separating the total amount of cash paid into a principal portion (shown under financing activities) and interest (presented under operating activities) in the statement of cash flows.

For short-term leases (12 months or less) and low-value asset leases (such as personal computers and office furniture), the Company will choose to recognize lease expenses on a straight-line basis as permitted by the IFRS 16. The Company's management believes that the impact of the adoption of IFRS 16 is immaterial and will not be reflected in the financial statements of the Company, as all leases are short term and are automatically renewed on an annual basis.

The Company's management believes that the effect of applying IFRS 16 is immaterial and will not be reversed on the Company's financial statements. All lease contracts are short term and are automatically renewed on an annual basis.

Recognition of lease obligation incentives previously recognized in respect of operating leases will be derecognised, and the amount will be calculated in the measurement of the leasehold assets and liabilities.

Under IAS 17, all lease payments relating to operating leases are recognized as part of the cash flows from operating activities. The effect of the changes under IFRS 16 will be to reduce cash generated from operating activities and increase the net cash used in financing activities with the same amount.

#### Finance Leases

The principal differences between IFRS 16 and IAS 17 in respect of previously existing advances under a finance lease are the measurement of residual value guarantees provided by the lessee to the lessor. IFRS 16 requires recognition as part of its lease obligation only the amount expected to be paid under the residual value guarantee, rather than the maximum secured amount as required by IAS 17. Upon initial request, the Company will state the equipment previously included in property, plant, and equipment under "right to use" assets and lease commitments, previously stated under borrowings, under a separate line item of the lease liabilities.

Based Company's no finance leases as at December 31, 2018.

#### Effect on the Accounting Treatment in the Lessor's Records

Under IFRS 16, the lessor continues to classify leases as either financial leases or operating leases and account for these two types of leases differently. However, IFRS 16 has changed and expanded the scope of disclosures required, in particular on how the lessor manages the risks arising from its remaining share in the leased assets.

Under IAS 16, for the purposes of the intermediate lessor, the principal lease and sub-lease are considered as separate contracts.

The intermediate lessor should classify the sub-lease as operating or financial lease by reference to the original "right to use" arising from the principal lease (not by reference to the underlying asset as in the case of IAS 17).

Because of this change, the Company will classify some of its sub-lease agreements as financial leases. As required by IFRS 9, an allowance for credit losses recognized in the financial lease receivable will be recognized, and the leased assets and receivables from the finance lease will be derecognised. This change in accounting will result in a change in the timing of recognition of the related revenue.

Management expects to apply IFRS 16 in the financial statements of the Company for the period beginning January 1, 2019.

#### 4. Significant Accounting Judgments and Key Sources of Uncertainty

The preparation of the financial statements and the adoption of accounting policies requires from the management to make judgments, estimates and assumptions that affect the amounts of financial assets and financial liabilities and the disclosure of contingent liabilities. These estimates and judgments also affect revenues, expenses and provisions in general and expected credit losses. In particular, the Company's management is required to make judgments to estimate the amounts and timing of future cash flows. These mentioned estimates are based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Actual results may differ from estimates as a result of changes in these conditions and circumstances in the future.

Judgments, estimates and assumptions are reviewed periodically. The effect of the change in estimates is recognized in the financial period in which the change has occurred and only if the change affects the same financial period. Moreover, the effect of the change in estimates is recognized in the financial period in which the change has occurred and in future periods in case the change affects the financial period and future financial periods.

Management believes that its estimates in the financial statements are reasonable. The key estimates used by management in applying the Company's accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

##### Income tax

The fiscal year is charged its related income tax expense in accordance with the regulations, laws and accounting standards. The deferred taxes and income tax provision are calculated and recognized.

##### Lawsuit provision

A provision is booked to meet any potential litigation obligations based on the legal study prepared by the Company's legal counsel that identifies potential risks in the future and periodically reviews the study.

##### Useful life of property and equipment

The Company's management periodically recalculates the useful lives of tangible assets and intangible assets for calculating annual depreciation and amortization based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the statement of income for the year.

##### Assets and liabilities presented at cost

Management reviews the assets and liabilities at cost periodically for the purpose of estimating any impairment in value, any impairment loss is recognized in the statement of income for the year.

##### Fair value measurement and valuation procedures

When estimating the fair value of financial assets and financial liabilities, the Company uses available observable market data. In case of the absence of level 1 inputs, the Company conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

#### Calculation of provision for expected credit losses

The management is required to use important judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risk of significant increase in credit risk for financial assets after the initial recognition and future measurements information for expected credit losses.

The expected credit loss is measured as an allowance equivalent to the expected credit loss over the life of the assets.

#### Determining the number and relative weight of forward looking scenarios for each type of products / market and the identification of future information relevant to each scenario

When measuring the expected credit loss, the Company uses reasonable and reliable future information based on the assumptions of the future movement of the various economic factors and how these economic factors affect each other.

#### Probability of default

The probability of default is a key input in measuring the expected credit loss. The probability of default is considered an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions and expectations relating to future circumstances.

#### Loss given default

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financier expects to collect, taking into account cash flows from collaterals and credit adjustments.

#### Impairment on "Apartment available for sale"

The Company's management assesses properties within apartments available for sale, on a regular basis and a provision is taken for any impairment in its value in statement of income and comprehensive income (if any) in accordance with the requirements of International Financial Reporting Standards.

#### Revenue recognition

The Company's management uses significant estimates and assumptions to determine the amount and timing of revenue recognition under IFRS 15, "Revenue from contracts with customers".

During the year 2018, the Company has restated the financial statements retrospectively to adjust the accounting policy of revenue recognition method for the previous year to comply with IAS (18), where the recognition of the sale of apartments occur when the benefits and risks are transferred to the client instead of occurring when the contract is signed or the payment is received. The impact of these amendments on the statements of financial position, statement of income and comprehensive income constitute of income tax provision, rerecognition of projects under construction, available-for-sale apartments, receivables, advanced payment from customers and the treatment retained earnings and its impact on the distribution of dividends, statutory and voluntary reserves and the sale of apartments and cost of sales.

The effect of the restatement is as follows:

a. Amedment of items 2017:

	December 31, 2017		
	Balance before Restated	Prior Period Adjustments	Restated Balance
	JD	JD	JD
<u>STATEMENTS OF FINANCIAL POSITION</u>			
<u>Assets</u>			
Accounts receivable – net	1,100,988	(930,414)	170,574
Apartments availabe for sale	1,434,725	1,491,335	2,926,060
<u>Liabilities</u>			
Advance payments from customers	-	857,000	857,000
Income tax provision	37,788	(31,506)	6,282
<u>Shareholders' Equity</u>			
Retained earnings	50,623	49,031	99,654
Statutory reserve	660,908	(22,215)	638,693
Voluntary reserve	460,453	(291,389)	169,064

	For the year ended December 31, 2017		
	Balance before Restated	Prior year Adjustments	Restated Balance
	JD	JD	JD
<u>Statement of Income and Comprehensive Income</u>			
<u>Revenue and Costs</u>			
Sales of Apartments	2,075,247	1,578,263	3,653,510
Cost of Sales	1,806,351	1,426,151	3,232,502
Income Tax Expense	17,205	28,290	45,495
Earnings per share (basic and diluted)	0.010	0.020	0.030

	For the year ended December 31, 2017		
	Balance before Restated	Prior year Adjustments	Restated Balance
	JD	JD	JD
<u>Statement of cash flows</u>			
Account receivable – Net	1,675,208	(1,845,782)	(170,544)
Apartments availabe for sale	(124,780)	(1,128,845)	(1,253,625)
Advanced payments to customers	-	103,348	103,348

b. Amedment of items related to the years before 2017:

	January 1, 2017		
	Balance before Restated	Prior Period Adjustment	Restated Balance
	JD	JD	JD
<b>STATEMENTS OF FINANCIAL POSITION</b>			
<u>Assets</u>			
Accounts receivable - Net	2,717,448	(2,612,025)	105,423
Payments on projects under construcion	1,955,286	2,660,419	4,615,705
Apartments availabe for sale	1,309,945	257,067	1,567,012
<u>Liabilities</u>			
Advance Payments from Customers	-	753,652	753,652
Income tax provision	80,379	(59,796)	20,583
<u>Shareholders' Equity</u>			
Retained earnings / Accumulated (losses)	300,000	(359,579)	(59,579)
Statutory reserve	653,372	(37,427)	615,945
Voluntary reserve	1,060,453	8,611	1,069,064

5. Cash on Hand and at Banks - Net  
This item consists of the following:

	December 31,		January 1,
	2018	2017 (Restated)	2017 (Restated)
	JD	JD	JD
Current accounts	97,208	474,151	-
Deposits at banks	1,707,647	1,773,737	2,368,245
<u>Less: Provision for expected credit lostt *</u>	<u>(10,582)</u>	<u>-</u>	<u>-</u>
	<u>1,794,273</u>	<u>2,247,888</u>	<u>2,368,245</u>

\* The movement on the expected credit loss provision was as follows:

	2018	2017
	JD	JD
Balance at the beginning of the year (As disclosed Previously)	-	-
Impact of the implementation of IFRS (9) - Note (3/b)	13,149	-
Restated Balance as of the beginning of the year	13,149	-
<u>Less: recovered provision during the year</u>	<u>(2,567)</u>	<u>-</u>
Balance as the end of the year	<u>10,582</u>	<u>-</u>

## 6. Account Receivable – Net

This item consists of the following:

	December 31,		January 1,
	2018	2017	2017
	JD	JD	JD
Trade receivables **	162,618	168,331	105,423
Employees receivables	70	2,243	-
<u>Less: Provision for expected credit loss *</u>	<u>(35,000)</u>	<u>-</u>	<u>-</u>
	<u>127,688</u>	<u>170,574</u>	<u>105,423</u>

\* The movement on expected credit loss provision was as follows:

	2018	2017
	JD	JD
Balance at the beginning of the year as previously disclosed	-	-
Impact of the implementation of IFRS (9) – Note (3/b)	35,000	-
Adjusted balance as of the beginning of the year	35,000	-
Balance at the End of the Year	<u>35,000</u>	<u>-</u>

\*\* The Company follows a policy of dealing with creditworthy parties in order to mitigate the risk of financial losses arising from non-performance of obligations, following is table for trade receivable aging .

	December 31,	
	2018	2017
	JD	JD
Not due yet receivables	159,000	164,171
30 day – 120 Day	-	4,160
More than 120 Days	3,618	-
Total	<u>162,618</u>	<u>168,331</u>

\*\*\* Trade receivables include a check under collection in the amount of JD 100,000, and the due date for the last one is october 1, 2019.

## 7. Apartments available for sale

This item consists of the following:

	December 31,		January 1,
	2018	2017 (Restated)	2017 (Restated)
	JD	JD	JD
Project name:			
Khalda palace (1)	121,740	121,740	479,446
Khalda palace (2)	430,669	537,994	829,137
Kherbet Abdoun (535)	258,429	258,429	258,429
Kherbet Abdoun (202)	787,689	787,689	-
Qaser Al Snobar	288,118	1,220,208	-
The School	1,339,551	-	-
Al-Ryalat	1,427,971	-	-
	<u>4,654,167</u>	<u>2,962,060</u>	<u>1,567,012</u>

- The fair value for the apartments based on real estate valuation reports prepared by an accredited real estate appraiser at the Department of Lands and Survey, are approximates the carrying value as of December 31, 2018.

**8. Financial assets at fair value through profit or loss**

This item consists of the following:

	December 31,		January 1,
	2018	2017	2017
	JD	JD	JD
Listed companies shares	-	-	86,940
	-	-	86,940

**9. Other Debit balances**

This item consists of the following:

	December 31,		January 1,
	2018	2017	2017
	JD	JD	JD
Prepaid expenses	5,962	5,511	4,515
Refundable deposits	1,350	7,245	4,710
Accrued revenue	4,300	-	-
Income tax withholding	-	3,020	3,206
Import stamps withholding	105	2,925	1,137
	11,717	18,701	13,568

**10. Payments on projects under construction**

This item consists of the following:

	December 31,		January 1,
	2018	2017	2017
	JD	JD	(Restated)
	JD	JD	JD
School Project land No. (856) basin (26)	-	1,176,677	-
Al-Ryalat Project basin (28)	-	1,068,667	-
Ras Al Junde Project land No. (276) basin (22)	892,793	490,321	-
Abdoun villas project (2)	-	-	2,132,399
Qasr Al snobar project	-	-	781,855
Abdoun Alshamali Project basin (28)	-	-	788,032
Qasr Khalda Project (1)	-	-	120,000
Abdoun villas project	-	-	793,419
	892,793	2,735,665	4,615,705



# 11... Property and Equipment

## For the year ended December 31, 2018

Cost:	Tools	Furniture and Fixtures	Office Equipment	Vehicles	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	5,245	5,077	15,407	64,432	90,161
Balance - End of the Year	5,245	5,077	15,407	64,432	90,161
Accumulated Depreciation:					
Balance - beginning of the year	4,466	4,658	12,347	42,712	64,183
Additions	233	77	613	7,812	8,735
Balance - End of the Year	4,699	4,735	12,960	50,524	72,918
Net Book Value as of December 31, 2018	546	342	2,447	13,908	17,243

## For the year ended December 31, 2017

Cost:	Tools	Furniture and Fixtures	Office Equipment	Vehicles	Total
Balance - beginning of the year	5,220	4,760	14,801	52,882	77,663
Additions	25	317	606	21,550	22,498
Disposals	-	-	-	(10,000)	(10,000)
Balance - End of the Year	5,245	5,077	15,407	64,432	90,161
Accumulated Depreciation:					
Balance - beginning of the year	4,105	4,588	11,633	45,826	66,152
Additions	361	70	714	6,886	8,031
Disposals	-	-	-	(10,000)	(10,000)
Balance - End of the Year	4,466	4,658	12,347	42,712	64,183
Net Book Value as of December 31, 2017	779	419	3,060	21,720	25,978

## Annual Depreciation Rates %

10 10 10 15

- Fully depreciated assets amounted to JD 29,891 as of December 31, 2018.

**12. Income tax**

**a. Provision for Income Tax**

The movement on the provision from income tax is as follows:

	2018	2017 (Restated)
	JD	JD
Balance - beginning of the year (restated)	6,282	20,583
Accrued income tax for the current year	7,941	45,495
Income tax paid during the year	(6,282)	(59,796)
Income tax deductions 5% on Interests	(4,067)	-
Balance - End of the Year	<u>3,874</u>	<u>6,282</u>

**b. Income tax expense**

The Income tax shown in the income statement represents the following:

	For the year ended December 31,	
	2018	2017 (Restated)
	JD	JD
Income tax expense during the year	<u>7,941</u>	<u>45,495</u>
	<u>7,941</u>	<u>45,495</u>

- A final settlement with the Income and Sales Tax Department has been reached up to the end of the year 2017.
- In the opinion of the Company's management, the booked provisions in the financial statements are sufficient to meet any tax liabilities.

**c. Deferred tax assets**

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

	2018	2017
	JD	JD
Balance at the beginning of the year (as previously disclosed)	-	-
Impact of the implementation of IFRS (9) on Deferred tax assets	<u>9,630</u>	<u>-</u>
Balance at the beginning of the year (restated)	<u>9,630</u>	<u>-</u>
Balance - End of the Year	<u>9,630</u>	<u>-</u>

**13. Account Payable:**

This item consist of the following:

	December 31,		January 1,
	2018	2017	2017
	JD	JD	JD
Trade payable	<u>52,258</u>	<u>62,250</u>	<u>65,083</u>
	52,258	62,250	65,083

14. Advanced payments from Clients:

This item consist of the following:

	December 31,		January 1,
	2018	2017 (Restated)	2017 (Restated)
	JD	JD	JD
Advanced payments from Clients *	<u>313,697</u>	<u>857,000</u>	<u>753,652</u>
	<u>313,697</u>	<u>857,000</u>	<u>753,652</u>

- \* This item represents advance payments received from a customer for the purchase of apartments within "Qasr Al Snobar project", where the ownership of all these apartments did not transfer to the customer as of December 31, 2018.

15. Sahreholders refundables ( Dividends not distributed )

This item consist of the following:

	December 31,		January 1,
	2018	2017	2017 (Restated)
	JD	JD	JD
Company shareholders refundables	<u>194,860</u>	<u>202,271</u>	<u>173,266</u>
	<u>194,860</u>	<u>202,271</u>	<u>173,266</u>

- \* This amount represents accrued dividends for the company shareholders for the year from 2007 to 2016.

16. Other credit balances:

This item consist of the following:

	December 31,		January 1,
	2018	2017	2017 (Restated)
	JD	JD	JD
Deferred Cheques	-	73,358	51,563
Refundables	2,883	3,133	2,933
Provision for annual vacations	20,315	20,315	20,315
Provision of the board of directors members transportation	16,000	16,800	35,000
Provision for general manager remuneration	-	-	9,806
Projects accrued expenses	-	-	15,238
End of service indemnity provision	<u>1,246</u>	<u>-</u>	<u>-</u>
	<u>40,444</u>	<u>113,606</u>	<u>134,855</u>

17. General and administrative expenses

This item consist of the following:

	2018	2017
	JD	JD
Salaries and employees benifits	154,440	150,720
Company contributions to social security	14,747	16,647
Board of directors transportation	16,800	16,800
Professional fees	14,509	8,010
Cars Repair and maintenance	12,947	11,634
Rent expense	8,345	7,499
Subscriptions	5,230	5,260
Printing and stationery	4,721	4,132
Advertising expenses	3,987	1,652
Listing shares comissions	3,600	3,600
Refunbdables	1,079	1,016
Bank charges	254	765
Other	13,133	7,805
	<u>253,792</u>	<u>235,540</u>

18. Earning per Share for the year

This item consists of the following:

	For The Year Ended December 31,	
	2018	2017
	JD	(Restated) JD
Income for the Year attributable to Company's shareholders	34,334	181,981
Weighted average number of shares	<u>6,000,000</u>	<u>6,000,000</u>
Earnings per Share for the Year	<u>-/006</u>	<u>-/030</u>

19. Related Parties Balances and Transactions

- The salaries and bonuses of executive management amounted to JD 96,000 for the Year ended December 31, 2018 (JD 93,300 for the Year ended December 31, 2017).
- The consulting engineering office which the Company deals with is a related party with the one of the Board of Directors and the executive management.
- The Company entered in to a transactions with a member of the Board of Directors of the Company and a first degree relative to the member in the years 2016 and 2017 based on a signed contract with the Company. The agreement was signed on cost plus 12.4%. The total cost of the project amounted to JD 1,234,268 and the total revenue of the project amounted to JD 1,387,317 of which JD 1,073,384 has been recognized as part of the Company's revenue for the year ended December 31, 2018. The Company has collected the total sale amount as of December 31, 2018. An amount of JD 313,697 is booked in the advance payments of customer's balance until its revenue is recognized.

20. Sectoral and Geographical Distribution

All of the Company's assets and activities are inside Jordan, where the Company's operations are focused on buying land, building residential projects and then selling them.

## 21. Shareholder's equity

This item consist of the following:

### a. Authorized and paid up capital

The paid up capital amounted to JD 6,000,000 divided in to over 6,000,000 shares, the par value of each is JD 1 as of December 31, 2018 and 2017.

### b. Statutory reserve

The amounts collected in this account represent what has been transferred from the annual income before income tax from previous years in a percentage of 10% in accordance with the Companies Law, and It is not available for distribution to shareholders.

### c. voluntary reserve

The amount accumulated in this account represent what has been transferred from the annual income from previous years by a maximum limit of 20% and The reserve is used for purposes determined by the Board of Directors and the General Assembly is entitled to distribute it in full or any part thereof as dividends to shareholders.

## 22. Financial Instruments

### a. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to partners and comply with local regulations.

### b. Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company has limited transactions in foreign currencies and mainly related to the US Dollar. Due to the fact that the Jordanian Dinar is pegged with the US Dollar, management believes that the foreign currency risk is immaterial on the financial statements.

### c. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing with only creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

- There are credit concentrations in the account receivable for one client representing 94% of the total receivables as of Dec. 31, 2018 (There were no risk concentrations as of Dec. 31, 2017) .

### d. Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet its commitments.

The Company manages the Liquidity risk mainly by maintaining cash reserves in banks and raising capital when required.

f. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The sensitivity analysis below has been prepared in accordance with the exposure to interest rates on bank deposits as at the balance sheet date. The analysis is based on the assumption that the required amounts of deposits at the statement of financial position date were in place throughout the year and an increase or decrease of 0.5% in interest rates which represents the management's assessment of the possible change in interest rates:

	2018		2017	
	0.5%	(0.5%)	0.5%	(0.5%)
	JD	JD	JD	JD
Deposits at banks	8,538	(8,538)	8,869	(8,869)
	<u>8,538</u>	<u>(8,538)</u>	<u>8,869</u>	<u>(8,869)</u>

23. Lawsuits:

There are no Lawsuits against the Company as of December 31, 2018.

24. contingent liability:

The Company has contingent liabilities as of the date of the financial statements, represented in bank guarantees in the amount of JD 2,000 and it's cash margin in the amount of JD 200, as of December 31, 2018.

25. Fair value levels:

Management believes that the book value of financial assets and financial liabilities Shown in the Company's financial statements approximate their fair values.

26. Comperative Figures

During the year 2018, the Company has restated the financial statements retrospectively to adress revenue recognition in the prior periods note (4).