

شركة الضمان للاستثمار المساهمة العامة المحدودة



Form No. (1-2)	نموذج رقم (١-٢)
<p>Date: 8/4/2019 Ref. : 84/2019</p> <p>To: Messrs Amman Stock Exchange</p> <p>Subject: Audited Financial Statements for the fiscal year ended 31/12/2018.</p>	<p>التاريخ: ٢٠١٩/٤/٨ الرقم: ٢٠١٩/٨٤</p> <p>السادة بورصة عمان المحترمين</p> <p>الموضوع: البيانات المالية السنوية المدققة للسنة المنتهية في ٢٠١٨/١٢/٣١</p>
<p>Greet and Respect,</p> <p>Attached the English Audited Financial Statements of Al-Daman for Investments (P.L.C) for the fiscal year ended 31/12/2018.</p>	<p>تحية طيبة،،</p> <p>مرفق طيه نسخة من البيانات المالية المدققة لشركة الضمان للاستثمار (م.ع.م) عن السنة المالية المنتهية في ٢٠١٨/١٢/٣١. (باللغة الانجليزية)</p>
<p>Kindly accept our high respect</p> <p>Al-Daman For Investments (P.L.C)</p> <p>Chairman Dr, Ibrahim Al Tarawneh</p>	<p>وتفضلوا بقبول فائق الاحترام،،،</p> <p>شركة الضمان للاستثمار المساهمة العامة المحدودة</p> <p>رئيس مجلس الادارة الدكتور ابراهيم الطراونه</p>

بورصة عمان
الادارة الادارية والتالية
الديوان
٠٩ نيل ٢٠١٩
الرقم المتسلسل: ١٩٦٧
رقم الملف: ٤١١٦٥
الجودة المختصة: ٦٦ الاربع

هاتف : ٥٦٢٢٣٦٥ (٩١٢ ١)
فاكس : ٥٦٢٢٤٦٢ (٩١٢ ١)
ص.ب ٩٤٤٣٠
عمان ١١١٩٤ الأردن
E-mail: daman@orange.jo

AL-DAMAN FOR INVESTMENTS COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2018



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INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of
Al Daman for Investment Company- Public Shareholding Company
Amman Jordan**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Daman for Investment Company (the "Company"), which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Item 1: 1. Revenue recognition

Refer to the note (18) on the financial statements

Key Audit Item

The Company owns real estate properties in Aqaba and generates revenue from its rental amounted to JD 388,250 for the year ended 31 December 2018. In addition, the Company holds an ownership of approximately 26% in an associate "Al-Shark for Projects Investment" and the share of income recognized from the associate is significant to the Company's income statement, which amounted to JD 243,985 for the year ended 31 December 2018 and represent 72% from net profit. Revenues are mainly generated from rental income and share of profit from associate accordingly this area was considered as a key audit area in our audit.

How the key audit matter was addressed in the audit

Our audit procedures included, amongst others, considering the appropriateness of the Company's revenue recognition accounting policies and assessing compliance with the policies in terms of applicable accounting standards. We reviewed rent contracts during the year and reviewed the recording procedures. In addition, we obtained the audited financial statements of the associate as of 31 December 2018 and reviewed the implementation of the equity method related to the associate including the recalculation of the share of profit.



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Other information included in the Company's 2018 annual report.

Other information consists of the information included in the annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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 IFRSs, and for such internal control as management determines is 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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As part of an audit in accordance with ISAs, we exercise professional judgment 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exist, 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.



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes 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 reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the accompanying financial statements.

The partner in charge of the audit resulting in this auditor's report was Waddah Issam Barkawi; license number 591.

Amman – Jordan
27 March 2019

Ernst & Young

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	2018 JD	2017 JD
<u>ASSETS</u>			
NON-CURRENT ASSETS -			
Property and equipment	6	19,922	19,758
Investments properties	7	2,190,469	2,228,515
Projects in progress	8	42,178	18,616
Investments in an associate	9	5,511,942	5,473,193
Financial assets at fair value through other comprehensive income	10	224,725	252,444
		<u>7,989,236</u>	<u>7,992,526</u>
CURRENT ASSETS -			
Checks and bills under collection	11	41,109	182,122
Inventory	12	-	240
Accounts receivable	13	205,814	46,736
Other current assets	14	178,968	159,657
Cash and bank balances	15	2,432,318	2,598,238
		<u>2,858,209</u>	<u>2,986,993</u>
TOTAL ASSETS		<u>10,847,445</u>	<u>10,979,519</u>
<u>EQUITY AND LIABILITIES</u>			
SHAREHOLDERS' EQUITY -			
Share capital	16	10,000,000	10,000,000
Statutory reserve	16	362,735	329,386
Voluntary reserve	16	64,164	64,164
Fair value reserve		(44,511)	(16,792)
Company's share of fair value reserve of an associate		(171,511)	(174,483)
Retained earnings		491,417	591,275
NET EQUITY		<u>10,702,294</u>	<u>10,793,550</u>
CURRENT LIABILITIES -			
Other current liabilities	17	145,151	170,368
Income tax provision	22	-	15,601
TOTAL LIABILITIES		<u>145,151</u>	<u>185,969</u>
TOTAL EQUITY AND LIABILITIES		<u>10,847,445</u>	<u>10,979,519</u>

The attached notes from 1 to 33 form part of these financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 JD	2017 JD
Operating revenues	18	469,285	467,911
Operating expenses	19	(387,541)	(387,472)
Operating profit		81,744	80,439
Bank interest revenues		134,433	109,546
Dividends income		11,650	10,855
Share of profit of an associate	9	243,985	236,386
Administrative expenses - Amman	20	(61,881)	(59,069)
Administrative expenses - Aqaba	21	(110,465)	(95,928)
Reversal of (provision for) expected credit losses	11,13	15,135	(16,519)
Other revenues	24	18,890	37,249
Profit before income tax		333,491	302,959
Income tax expense	22	-	-
Profit for the year		333,491	302,959
		JD/Fils	JD/Fils
Basic and diluted earnings per share	23	0/033	0/030

The attached notes from 1 to 33 form part of these financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>2018</u>	<u>2017</u>
	JD	JD
Profit for the year	333,491	302,959
Add: Other comprehensive income items after tax not to be realized in profit or loss subsequently		
Changes in fair value of financial assets	(27,719)	(10,165)
Changes in fair value of financial assets of an associate	2,972	(4,330)
Total comprehensive income for the year	<u>308,744</u>	<u>288,464</u>

The attached notes from 1 to 33 form part of these financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Company's share of fair value reserve of an associate						
	Share capital	Statutory reserve	Voluntary reserve	Fair value reserve	JD	Retained earnings*	Total
2018 -	JD	JD	JD	JD	JD	JD	JD
Balance as at 1 January 2018	10,000,000	329,386	64,164	(16,792)	(174,483)	591,275	10,793,550
Profit for the year	-	-	-	-	-	333,491	333,491
Changes in fair value of financial assets through other comprehensive income	-	-	-	(27,719)	-	-	(27,719)
Changes in fair value of financial assets through other comprehensive income of an associate	-	-	-	-	2,972	-	2,972
Total comprehensive Income for the year	-	-	-	(27,719)	2,972	333,491	308,744
Transfers to statutory reserve	-	33,349	-	-	-	(33,349)	-
Transfers from voluntary reserve	-	-	-	-	-	-	-
Dividends distributed (note 29)	-	-	-	-	-	(400,000)	(400,000)
Balance as at 31 December 2018	10,000,000	362,735	64,164	(44,511)	(171,511)	491,417	10,702,294

* An amount of JD 216,022 is restricted from the retained earnings, which represents the negative balance of fair value reserves for the Company and the Company's share from the fair value reserve of the associate.

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Statutory reserve	Voluntary reserve	Fair value reserve	Company's share of fair value reserve of an associate			Retained earnings	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
2017 -									
Balance as at 1 January 2017	10,000,000	299,090	102,405	(6,627)	(170,153)		280,371	10,505,086	
Profit for the year	-	-	-	-	-		302,959	302,959	
Changes in fair value of financial assets									
through other comprehensive income	-	-	-	(10,165)	-		-	(10,165)	
Changes in fair value of financial assets									
through other comprehensive income	-	-	-	-	(4,330)		-	(4,330)	
of an associate									
Total comprehensive Income for the year	-	-	-	(10,165)	(4,330)		302,959	288,464	
Transfers to statutory reserve	-	30,296	-	-	-		(30,296)	-	
Transfers from voluntary reserve	-	-	(38,241)	-	-		38,241	-	
Balance as at 31 December 2017	10,000,000	329,386	64,164	(16,792)	(174,483)		591,275	10,793,550	

The attached notes from 1 to 33 form part of these financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>Notes</u>	<u>2018</u> JD	<u>2017</u> JD
<u>OPERATING ACTIVITIES</u>			
Profit for the year before income tax		333,491	302,959
Adjustments -			
Depreciation of property and equipment	6	7,391	6,485
Depreciation of investments properties	7	61,841	60,033
(Reversal of) provision for expected credit loss	11	(15,135)	16,519
Loss from disposal of investment properties		-	16,149
Share of profit of an associate	9	(243,985)	(236,386)
Bank interest revenues		(134,433)	(109,546)
Dividends income		(11,650)	(10,855)
Release from income tax provision	22	(11,407)	-
Inventory provision		240	-
Refunds from income tax deposits		(3,156)	-
Working capital changes:			
Accounts receivable and other current assets		(146,172)	44,378
Checks and bills under collection		141,013	(42,827)
Other current liabilities		(25,217)	52,472
Income tax paid	22	(1,038)	-
Net cash flows (used in) from operating activities		(48,217)	99,381
<u>INVESTING ACTIVITIES</u>			
Purchases of property and equipment	6	(7,555)	(100)
Purchases of investments properties	7	(23,795)	(410)
Project in progress	8	(23,562)	(158,539)
Dividends received from an associate	9	208,208	-
Deposits maturing within a period of more than 3 months	15	(668,919)	(2,355,506)
Bank interest received		117,351	83,588
Dividends income received		11,650	10,855
Net cash flows used in investing activities		(386,622)	(2,420,112)
<u>FINANCING ACTIVITY</u>			
Dividends paid		(400,000)	-
Net cash flows used in financing activity		(400,000)	-
Net decrease in cash and cash equivalents		(834,839)	(2,320,731)
Cash and cash equivalents at the beginning of the year		2,598,238	2,563,463
Cash and cash equivalents At the end of the year	15	1,763,399	242,732

The attached notes from 1 to 33 form part of these financial statements

(1) GENERAL

Al-Daman for Investments Company ("Company") was registered and established on 17th April 1993, as a Public Shareholding Company, listed in Amman Stock Exchange. The Company's share capital is JD 10,000,000 divided into 10,000,000 shares at par value of 1 JD each.

The Company's objectives are to invest in projects, other companies, securities, and investing the company's cash in real estate industry.

The financial statements were authorized for issuance by the board of directors in their meeting held on 10 March 2018 and subject to the approval of the Company's General Assembly.

The financial statements are consolidated in consolidated financial statement of (the Social Security Corporation) which owns 61.3% of the company's share capital.

(2) BASIS OF PREPARATION FINANCIAL STATEMENTS

The financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through other comprehensive income which have been measured at fair value as of the date of the financial statements.

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

(3) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2017 except for that the Company adopted these changes starting from 1 January 2018:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company does not have a material impact on its financial position or equity on applying the requirements of IFRS (15).

(a) Rendering of services

Under IFRS 15, the Company concluded that revenue from services will continue to be recognized over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Company.

(b) Other adjustments

In addition to the adjustments described above, upon adoption of IFRS 15, other items of the primary financial statements such as deferred taxes, assets held for sale and liabilities associated with them, profit or loss after tax for the period from discontinued operations, investments in associate and a joint venture, share of profit of an associate and a joint venture, income tax expense, and retained earnings, were adjusted as necessary. Furthermore, exchange differences on translation of foreign operations were also adjusted.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company had previously implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The standard has been applied retrospectively and, in line with IFRS 9, comparative amounts have not been restated.

(c) Advances received from customers

Generally, the Company receives short-term advances from its customers. However, from time to time, the Company also receives long-term advances from customers. Prior to the adoption of IFRS 15, the Company presented these advances as deferred revenue in the statement of financial position.

Upon the adoption of IFRS 15, for short-term advances, the Company used the practical expedient. As such, the Company will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Company expects, at contract inception, that the period between the time the customer pays for the good or service and when the Company transfers that promised good or service to the customer will be one year or less. If the period between the time the customer pays for the good or service and when the Company transfers that promised good or service to the customer is more than one year, the Company shall adjust the promised amount of consideration for the effects of the time value of money.

Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Company to record an allowance for ECL for all debt instruments measured at amortized cost.

For all debt instruments, the Company has applied the standard's simplified approach and has calculated ECL based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company does not have a material impact on its financial position or equity on applying the requirements of IFRS 9.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Company's financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments do not have any impact on the Company's financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

These amendments do not have any impact on the Company's financial statements.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instrument standard, IFRS 9, before implementing IFRS 17 insurance contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Company.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

These amendments do not have any impact on the Company's.

(4) USE OF ESTIMATES

The preparation of the financial statements and appliance of accounting policies requires the company's management to use estimation and professional judgement that affects the amounts of assets and liabilities and the disclosure of contingent liabilities. These estimates and judgements also affects revenues, expenses, and provisions. They especially require from the management to make important estimates and provisions that affect future cash flow and their timing that are a result of the situation and circumstances of those estimates in the future. Those mentioned estimates are based on multiple theories and factors that have multiple degrees of estimation and uncertainty. Therefor the actual results might differ from the estimates as a result in the change in future conditions and circumstances for those provisions.

(5) SIGNIFICANT ACCOUNTING POLICES

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 as follows:

	<u>%</u>
Vehicles	15
Office equipment	15 – 25
Furniture and Fixtures	9 – 15
Machinery and Equipment	15
Advertisement signs	15
Tools and Cinema equipment	10 - 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 and impairment loss is presented in the statement of profit or loss.

The useful life of the assets are periodically reassessed to guarantee the correct method and life time of the depreciation method used that are in consistency with the expected economic benefits from the assets.

Investment in properties

Investment in properties is stated at cost less accumulated depreciation and any impairment provision. Investment in properties is depreciated using the straight line method over the useful life of the properties and an average annual rate between 2 – 9 %.

Investment in an associate

The Company's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the associate.

The statement of profit or loss reflects the share of the results of operations of the associate, where the Profit is net of tax.

Financial assets at fair value through other comprehensive income

These assets are recorded at fair value added to its acquisition costs at date of purchase and reevaluated later to fair value. And the change appears in fair value in the comprehensive income statement under owners equity. Including the change in fair value resulting from differences in the change from non cash assets in foreign currency, and in the case of selling these assets or part of them, profit or loss resulting from the sale are recorded in the statement of comprehensive income under owners equity. And the balance of evaluation of assets is transferred to retained earnings, these assets are not subjected to impairment losses.

Inventory

Inventories are valued at the lower of cost and net realisable value using weighted average cost. The slow moving inventory provision is calculated based on technical studies prepared by the management in annual basis.

Accounts receivable

Trade receivables are stated at original invoice amount less any provision for Expected Credit Loss (ECL). The Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdraft.

Fair value

The Company evaluates its financial instruments such as financial assets at fair value through other comprehensive income at the date of the financial statements. Also, the fair value of financial instruments is disclosed in (Note 27).

Fair value represents the price received in exchange for financial assets sold, or price paid to settle a sale between market participants at the date of financial statements.

The fair value is measured based on the assumption that the sale or purchase transaction of financial assets is facilitated through an active market for financial assets and liabilities respectively. In case there is no active market, a market best fit for financial assets and liabilities is used instead.

The Company needs to acquire opportunities to access the active market or the best fit market.

The Company measures the fair value of financial assets and liabilities using the pricing assumptions used by market participants to price financial assets and liabilities, assuming that market participants behave according to their economic interests.

The fair value measurement of non-financial assets considers the ability of market participants to utilize the assets efficiently in order to generate economic benefits, or to sell them to other participants who will utilize them in the best way possible.

The Company uses valuation techniques that are appropriate and commensurate with the circumstances, and provides sufficient information for fair value measurement. Also, it illustrates clearly the use of inputs that are directly observable, and minimizes the use of inputs that are not directly observed.

The Company uses the following valuation methods and alternatives in measuring and recording the fair value of financial instruments.

All assets and liabilities for which fair value is measured or disclosed in the financial statements or have been written off are categories within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have accrued between levels in the hierarchy by reassessing categorization (based on the lowest level input that significant to the fair value measurement as a whole) at the end of each reporting period.

For the disclosure of fair value, the Company classifies assets and liabilities based on their nature, their risk, and the level of fair value measurement.

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 recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Revenues and expenses recognition

The Company is in the business of operating "Aqaba Gateway Complex" most of the Company's revenues are generated from rental revenues, payments from lessees are recorded as deferred revenues and are recognized when the rent period starts over the period of the contract.

Other revenues are recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for the goods or services.

Dividends are recognized when the shareholder's right to receive payment is established.

Expenses are recognized when incurred according to the accrual basis of accounting.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling by the Central bank of Jordan using average of the rates Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the transaction date. All differences are taken to the statement of profit or loss.

Income Tax

Accrued tax expenses are calculated based on taxable income, which may be different from accounting income as it may include tax-exempt income, nondeductible expenses in the current year that are deductible in subsequent years, tax-accepted accumulated losses or tax-deductible items.

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position 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.

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(6) PROPERTY AND EQUIPMENT

2018 -	Vehicles		Office Equipment		Furniture and Fixtures		Machinery and Equipment		Advertising Signs		Tools and Cinema Equipment		Total
	JD		JD		JD		JD		JD		JD		JD
Cost -													
Balance as at 1 January 2018	54,036		108,369		121,251		101,590		970		733,692		1,119,908
Additions	-		4,430		2,560		245		320		-		7,555
Balance as at 31 December 2018	54,036		112,799		123,811		101,835		1,290		733,692		1,127,463
Accumulated depreciation -													
Balance as at January 2018	54,036		97,581		116,822		97,434		585		733,692		1,100,150
Depreciation for the year	-		4,908		670		1,637		176		-		7,391
Balance as at 31 December 2018	54,036		102,489		117,492		99,071		761		733,692		1,107,541
Net book value -													
As at 31 December 2018	-		10,310		6,319		2,764		529		-		19,922

* The cost of fully depreciated items in property and equipment is JD 1,083,851 as of 31 December 2018 (2017: JD 1,088,977).

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2017 -	Vehicles		Office Equipment		Furniture and Fixtures		Machinery and Equipment		Advertising Signs		Tools and Cinema Equipment		Total	
	JD		JD		JD		JD		JD		JD		JD	
Cost -														
Balance as at 1 January 2017	54,036		107,592		118,915		101,195		970		733,692		1,116,400	
Additions	-		-		100		-		-		-		100	
Transferred from projects in progress	-		777		2,236		395		-		-		3,408	
Balance as at 31 December 2017	54,036		108,369		121,251		101,590		970		733,692		1,119,908	
Accumulated depreciation -														
Balance as at 1 January 2017	54,036		93,329		116,369		95,800		439		733,692		1,093,665	
Depreciation for the year	-		4,252		453		1,634		146		-		6,485	
Balance as at 31 December 2017	54,036		97,581		116,822		97,434		585		733,692		1,100,150	
Net book value -														
As at 31 December 2017	-		10,788		4,429		4,156		385		-		19,758	

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(7) INVESTMENTS PROPERTIES

Investments properties represent the Aqaba Gateway Project, which was established on a leased land from Aqaba Special Economic Zone Authority.

2018 -	Buildings*	Project's lakes and wooden boat	Electro mechanical	Total
	JD	JD	JD	JD
Cost -				
Balance as at 1 January 2018	2,780,654	234,181	1,050,841	4,065,676
Additions	4,542	19,143	110	23,795
Balance as at 31 December 2018	2,785,196	253,324	1,050,951	4,089,471
Accumulated depreciation -				
Balance as at 1 January 2018	765,805	31,278	1,040,078	1,837,161
Depreciation for the year	55,620	4,832	1,389	61,841
Balance as at 31 December 2018	821,425	36,110	1,041,467	1,899,002
Net book value as at 31 December 2018	1,963,771	217,214	9,484	2,190,469
2017 -				
Cost -				
Balance as at 1 January 2017	2,751,493	129,698	1,050,431	3,931,622
Additions	-	-	410	410
Transfer from projects under construction	29,161	126,405	-	155,566
Disposals	-	(21,922)	-	(21,922)
Balance as at 31 December 2017	2,780,654	234,181	1,050,841	4,065,676
Accumulated depreciation -				
Balance as at 1 January 2017	710,486	33,721	1,038,694	1,782,901
Depreciation for the year	55,319	3,330	1,384	60,033
Disposals	-	(5,773)	-	(5,773)
Balance as at 31 December 2017	765,805	31,278	1,040,078	1,837,161
Net book value as at 31 December 2017	2,014,849	202,903	10,763	2,228,515

* The fair value of the investment properties is estimated, by a real estate appraiser for the year 2018 at JD 2,370,538 (2017: JD 2,696,625).

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(8) PROJECT IN PROGRESS

Movement on the projects in progress is as follows:

	Balance as at 1 January 2018	Additions	Transfers to property and equipment	Balance as at 31 December 2018
	JD	JD	JD	JD
Aqaba Gateway rehabilitation and development project	18,616	23,562	-	42,178

The estimated cost to complete the project in progress as of 31 December 2018 is approximately JD 17,862, and it is expected to be completed during 2019.

(9) INVESTMENT IN AN ASSOCIATE

This item represents the company's share in Al-Sharq for projects investments PLC. – Holiday Inn Amman of approximately 26.03% as of 31 December 2018 (2017: 26.03%), the Company owns 4,164,153 shares as of 31 December 2018 (2017: 4,164,153 shares) from the capital of Al-Sharq for investment projects PLC with a market value of JD 9,410,986 as of 31 December 2018 (2017: JD 6,621,003).

Movement on this item as follows:

	2018 JD	2017 JD
At 1 January	5,473,193	5,241,137
Share of profit of an associate	243,985	236,386
Share of the change in fair value reserve of financial assets of an associate	2,972	(4,330)
Dividends distributed	(208,208)	-
At 31 December	5,511,942	5,473,193

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The following table illustrates the summarized financial information of the company's investment in Al-Sharq for Projects Investments PLC:

	<u>2018</u>	<u>2017</u>
	JD	JD
Current assets	4,182,641	3,605,575
Non-current assets	17,612,273	17,915,643
Current liabilities	(946,148)	(821,336)
Equity	<u>20,848,766</u>	<u>20,699,882</u>
Percentage of the Company's ownership	26,03%	26,03%
Carrying amount of the Investment	5,511,942	5,473,193
Operating revenues	5,888,599	5,541,466
Operating costs	(1,798,257)	(1,766,012)
Administrative, maintenance, marketing and depreciation expenses	(3,028,429)	(2,780,500)
Other revenues	101,240	111,926
Profit for the year before tax	<u>1,163,153</u>	<u>1,106,880</u>
Income tax expense	(225,685)	(217,561)
Profit for the year	<u>937,468</u>	<u>889,319</u>
Company's share of profit for the year	<u>243,985</u>	<u>236,386</u>

(10) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>2018</u>	<u>2017</u>
	JD	JD
Investments in listed companies shares	<u>224,725</u>	<u>252,444</u>

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(11) CHECKS AND BILLS UNDER COLLECTION

	<u>2018</u>	<u>2017</u>
	JD	JD
Checks and bills under collection	52,847	210,253
Less: Provision for expected credit losses	<u>(11,738)</u>	<u>(28,131)</u>
	<u>41,109</u>	<u>182,122</u>

The following represent the movement of provision for expected credit losses:

	<u>2018</u>	<u>2017</u>
	JD	JD
At 1 January	28,131	8,371
(Recovered from) provision for the year	<u>(16,393)</u>	<u>19,760</u>
At 31 December	<u>11,738</u>	<u>28,131</u>

(12) INVENTORY

	<u>2018</u>	<u>2017</u>
	JD	JD
Gift Shop	240	240
Impairment allowance	<u>(240)</u>	<u>-</u>
	<u>-</u>	<u>240</u>

The movement on the impairment allowance is as follows:

	<u>2018</u>	<u>2017</u>
	JD	JD
At 1 January	-	36,493
Provision (reversal) for the year	<u>240</u>	<u>(36,493)</u>
At 31 December	<u>240</u>	<u>-</u>

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(13) ACCOUNTS RECEIVABLE

This item represents receivables balance from shops and restaurants tenants in Aqaba gateway project resulted from rent and service fees.

	<u>2018</u>	<u>2017</u>
	JD	JD
Accounts receivable	333,274	172,938
Less: Provision for expected credit losses	<u>(127,460)</u>	<u>(126,202)</u>
	<u>205,814</u>	<u>46,736</u>

The movement on provision for expected credit losses is as follows:

	<u>2018</u>	<u>2017</u>
	JD	JD
At 1 January	126,202	129,443
Provision (recovered from) for the year	<u>1,258</u>	<u>(3,241)</u>
At 31 December	<u>127,460</u>	<u>126,202</u>

As at 31 December, the aging of expected credit losses accounts receivable is as follows:

	<u>Past due but not impaired</u>			
	<u>1 – 90</u>	<u>91 – 180</u>	<u>181 – 270</u>	
	days	days	days	Total
	JD	JD	JD	JD
2018	120,818	51,770	33,226	205,814
2017	42,230	3,589	917	46,736

The company's management expects unimpaired receivables, on the basis of past experience, to be fully recoverable.

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(14) OTHER CURRENT ASSETS

	<u>2018</u>	<u>2017</u>
	JD	JD
Accrued and uncollected Interest	106,171	89,090
Prepaid expenses	34,062	34,654
Refundable deposits	640	640
Income tax deposit	37,234	34,522
Others	861	751
	<u>178,968</u>	<u>159,657</u>

(15) CASH AND BANK BALANCES

	<u>2018</u>	<u>2017</u>
	JD	JD
Cash on hand	60	-
Cash at banks	12,229	-
Deposits maturing within 3 months*	<u>1,751,110</u>	<u>242,732</u>
Cash and cash equivalents	1,763,399	242,732
Deposits maturing within a period of more than 3 months*	<u>668,919</u>	<u>2,355,506</u>
	<u>2,432,318</u>	<u>2,598,238</u>

- * For the year ended 31 December 2018, deposits at banks earned interest at a rate ranging between 1.25% and 5.75% (2017: 1.25% and 4.85%). Deposits are held for a period between one month and one year.

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(16) EQUITY

SHARE IN CAPITAL

Paid in capital comprises of JD 10,000,000 divided into 10,000,000 shares at par value of JD 1 per share.

STATUTORY RESERVE

As required by the Jordanian Companies Law, 10% of the annual profit for the year before income tax is to be transferred to the statutory reserve when it reaches 25% of the Company's paid in capital. However, the Company may continue transferring to the statutory reserve up to 100% of the Company's paid in capital if general assembly approval is obtained.

VOLUNTARY RESERVE

The accumulated balance represents the transfers from the annual profit before income tax at a maximum rate of 20% annually. This reserve is available for distribution to the shareholders.

(17) OTHER CURRENT LIABILITIES

	<u>2018</u>	<u>2017</u>
	JD	JD
Deferred income	93,534	106,945
Accrued expenses	29,642	42,243
Board of directors bonus provision	18,000	18,000
Employees bonus provision	3,000	3,000
Shareholders deposits	975	180
	<u>145,151</u>	<u>170,368</u>

(18) OPERATING REVENUES

	<u>2018</u>	<u>2017</u>
	JD	JD
Rent and services	388,250	389,007
Company's share from shops' sales	81,035	78,904
	<u>469,285</u>	<u>467,911</u>

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(19) OPERATING EXPENSES

	<u>2018</u>	<u>2017</u>
	JD	JD
Salaries and wages	83,584	115,500
Company contribution in Social Security	11,948	15,245
Land rent	84,214	81,524
Depreciation of investments properties	68,052	65,678
Employee bonuses	7,250	2,990
Loss from disposal of investment in property	-	18,199
Advertisement and marketing	1,125	-
Electricity and water	43,911	27,394
Hospitality	1,315	1,643
Postage and telephone	2,067	1,712
Travel and transportation	7,906	12,720
Maintenance	19,616	7,035
Cleaning	1,244	2,423
Employee health insurance	3,128	2,547
Aqaba Gateway project insurance	1,905	2,600
Licenses and Governmental fees	33,363	7,503
Vehicles and fuels expenses	2,472	3,564
Others	14,441	19,195
	<u>387,541</u>	<u>387,472</u>

(20) ADMINISTRATIVE EXPENSES - AMMAN

	<u>2018</u>	<u>2017</u>
	JD	JD
Salaries and wages	25,683	23,307
Company contribution in Social Security	2,181	1,896
Employees vacations allowance and bonuses	1,100	2,309
Office rent	12,000	9,438
Depreciation of property and equipment	1,179	840
Telephone	1,750	2,130
Water and electricity	1,477	1,343
Licenses and subscriptions	12,755	12,571
Employees health Insurance	1,072	1,734
Others	2,684	3,501
	<u>61,881</u>	<u>59,069</u>

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(21) ADMINISTRATIVE EXPENSES - AQABA

	2018	2017
	JD	JD
Board of directors' transportation allowances	54,000	43,200
Board of directors' remunerations	9,750	5,120
Board of directors' bonuses	18,000	18,000
Consultation fees	27,280	28,900
Bank charges	1,435	708
	<u>110,465</u>	<u>95,928</u>

(22) INCOME TAX

Movement on the income tax provision is as follows:

	2018	2017
	JD	JD
Beginning Balance	15,601	15,601
Income Tax paid	(1,038)	-
Refunds from income tax deposits	(3,156)	-
Release from income tax provision	(11,407)	-
Ending Balance	<u>-</u>	<u>15,601</u>

The reconciliation of accounting profit and tax profit is as the following:

	2018	2017
	JD	JD
Accounting Profit	333,491	302,959
Add: Non-taxable expenses	54,963	36,834
Less: written-off debt in allowance	-	-
Less: Non-taxable revenue	(282,178)	(264,841)
Adjusted (loss) profit	<u>106,276</u>	<u>74,952</u>
Less: Prior year losses	(106,276)	(74,952)
Taxable loss	<u>-</u>	<u>-</u>
Income Tax	<u>-</u>	<u>-</u>
Legal income tax rate	<u>5 - 20%</u>	<u>5 - 20%</u>

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No provision for income tax was calculated for the years ended 2018 and 2017 due to the accumulated losses from prior year in accordance with the Income Tax Law No. (34) of 2014.

The Company reached a final settlement with the income and sales tax department for its operations in Amman for the years up to 2015. The Company submitted its tax declaration for the years 2016 and 2017, which have not been reviewed by the Income Tax Department as at the financial statements preparation date.

The Company reached to a final settlement with the income and sales tax department for its operations in Aqaba for the years up to 2014.

The Company submitted its tax declarations for its operation in Aqaba for the years 2015, 2016 and 2017. The income and sales tax department has not reviewed the accounting records of the company as at the financial statements preparation date.

(23) BASIC AND DILUTED EARNINGS PER SHARE

	<u>2018</u>	<u>2017</u>
Profit for the year (JD)	333,491	302,959
Weighted average for number of shares (Share)	<u>10,000,000</u>	<u>10,000,000</u>
	<u>JD/ Fils</u>	<u>JD/ Fils</u>
Basic and diluted earnings per share (JD)	<u>0/033</u>	<u>0/030</u>

(24) OTHER REVENUES

	<u>2018</u>	<u>2017</u>
	<u>JD</u>	<u>JD</u>
Revenue from sale of inventory	-	1,600
Others*	<u>18,890</u>	<u>35,649</u>
	<u>18,890</u>	<u>37,249</u>

- * Other revenues for the year 2018 consist of JD 7,483 related to collection of cases filed by the Company against others, and JD 11,407 which represents the release from the income tax provision.

(25) RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

The following is the total amount of transactions that have been entered into with related parties, below is a summary of key management personnel salaries and benefits:

	2018 JD	2017 JD
Statement of Financial Position items:		
<u>Bank Deposits</u>		
Arab Bank*	7,874	16,080
Cairo Amman Bank*	519,674	688,158
Union Bank*	1,710,590	1,635,237
Housing Bank for Trade and Finance*	3,794	3,818
Statement of Profit or Loss items:		
Bank interest revenue**	126,120	100,772
Social Security contribution – company's share	14,130	17,141
Salaries and wages of executives	21,003	45,100
Board of directors transportation allowance	54,000	43,200
Travel and transportation expenses	7,906	6,828
Board of directors remuneration	9,750	5,120
Board of directors bonuses	18,000	18,000

* Board of Directors member.

** Bank interest revenue represents revenues on bank deposits at banks who are Board of Directors.

(26) CONTINGENCIES

Letters of guarantees -

At 31 December 2018, the Company had outstanding letters of performance guarantee bond issued to the civil defense amounting to JD 5,000 (2017: JD 5,000).

Operating rent pledge -

On 30 September 1998, the Company has signed a land lease agreement for the land of Gate of Aqaba with an annual amount of JD 66,000 for a period of 30 years and will be renewed twice with a written request from the Company. Starting from the 11th year, an increase of 4% a lower of or a percentage equivalent to the change in living costs in accordance with the official publications of the Central Bank of Jordan for the past year will be put into effect.

The following represents future rent payments according to these contracts as of 31 December:

	<u>2018</u>	<u>2017</u>
	JD	JD
Within a year	87,583	84,214
More than one year and less than 5 years	493,350	474,375
More than 5 years	<u>31,324,558</u>	<u>31,431,116</u>
	<u>31,905,491</u>	<u>31,989,705</u>

Legal claims -

No law suits against the Company as of 31 December 2018 (2017: No law suits against the Company). The amount of the lawsuits filed by the Company against others amounted to JD 95,314 as of 31 December 2018 (2017: JD 214,424).

(27) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of assets at fair value through other comprehensive income and investments in an associate, cash at hand and at banks, accounts receivable, and some other current assets. Financial liabilities consist of other current liabilities.

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

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The following table provides the fair value measurement for financial assets that do not appear in financial statements:

	2018		2017	
	Book Value	Fair Value	Book Value	Fair Value
	JD	JD	JD	JD
Property investments - Buildings	<u>2,190,469</u>	<u>2,370,538</u>	<u>2,228,515</u>	<u>2,696,625</u>

(28) CAPITAL MANAGEMENT

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

The Company 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 current year and previous year.

Capital comprises of the net of share capital, reserves, and retained earnings and is measured at JD 10,702,294 as at 31 December 2018 (2017: JD 10,793,550).

(29) DIVIDENDS DISTRIBUTED

During 2018, the Company distributed declared dividends to the shareholders for the year of 2017, equal to 4% of authorized capital, which amounts to JD 400,000.

(30) RISK MANAGEMENT

Interest rate risk

The Company is exposed to interest rate risk on its interest-bearing assets and liabilities such as bank deposits.

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

The following table demonstrates the sensitivity of the statement of profit or loss to reasonably assess possible changes in interest rates, with all other variables held constant:

2018 -	<u>Increase in basis points</u>	<u>Effect on profit of the year</u>
	points	JD
Currency -		
Jordanian Dinar	100	24,323
2017 -	<u>Increase in basis points</u>	<u>Effect on profit of the year</u>
	points	JD
Currency -		
Jordanian Dinar	100	25,982

The effect of decrease in interest rates with the same percentage is expected to be equal and opposite to the effect of the increase shown above.

Change in shares price risk -

The following table represent the sensitivity of the statement of other comprehensive income and the reserve form fair value that result from the reasonable change in share price, assuming that other variables held constant:

2018 -	<u>Change in Index</u>	<u>Effect on OCI</u>	<u>Effect</u>
		JD	JD
Indicator			
Amman stock exchange	5%	11,236	11,236
2017 -			
Indicator			
Amman stock exchange	5%	12,622	12,622

In the case of a negative change, the effect will be equal to the change above the opposite effect.

Credit risk -

Credit risk is the risk that debtors and other parties will fail to meet their obligations towards the Company.

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and constantly monitoring outstanding receivables. Also, the Company with respect to banks only deals with reputable banks.

The Company has made investment contracts and rental contracts with a limited number of clients largest 3 customers represent a percentage of 57% of accounts receivable as of 31 December 2018 (2017: 26%)

Liquidity risk -

The company ensure liquidity risk by ensuring the availability of the needed liquidity for any existing or contingent liability.

The company is not at liquidity risk where they do not have accounts payable that bear interest.

Currency risk -

Most of the Company's transactions are in Jordanian Dinar. The Jordanian Dinar exchange rate is fixed against U.S. Dollar (USD 1.41 for each one JD). Accordingly, the Company is not exposed to significant currency risk.

(31) SEGMENT INFORMATION

The Business segment represents a group of assets and operations that work together to provide products or services that are subject to risk and returns that differ from that related to other business segments.

The geographical segment is linked to providing products or services in a specific economical environment subject to risks and returns that differ from those related to business in economical environment.

The Companies activities consists of one economical segment which represents revenues and expenses on the project in Aqaba in addition to Amman office expenses, and the Board of Directors. There are no other segments, and the Company is not involved in any other trade activity. The following is a summary of operations:

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	Amman	Special economic zone	Total
	JD	JD	JD
2018 -			
Operating revenues	-	469,285	469,285
Operating expenses	-	(387,541)	(387,541)
Share profit of an associate	243,985	-	243,985
Administrative expenses - Amman	(61,881)	-	(61,881)
Administrative expenses – Aqaba	-	(110,465)	(110,465)
Reversal of provision for expected credit losses	-	15,135	15,135
Dividends distribution	11,650	-	11,650
Bank interest revenue and other revenue	11,407	141,916	153,323
PROFIT BEFORE INCOME TAX	205,161	128,330	333,491
	Amman	Special economic zone	Total
	JD	JD	JD
2017 -			
Operating revenues	-	467,911	467,911
Operating expenses	-	(387,472)	(387,472)
Share profit of an associate	236,386	-	236,386
Administrative expenses - Amman	(59,069)	-	(59,069)
Administrative expenses – Aqaba	-	(95,928)	(95,928)
Reversal of provision for expected credit losses	-	(16,519)	(16,519)
Dividends distribution	10,855	-	10,855
Bank interest revenue and other revenue	-	146,795	146,795
PROFIT BEFORE INCOME TAX	188,172	114,787	302,959

This item represents the company share in Al-Sharq for projects investments PLC. – Holiday Inn Amman of approximately 26.03% as of 31 December 2018 (2017: 26.03%), the Company owns 4,164,153 shares as of 31 December 2018 (2017: 4,164,153 shares) from the capital of Al-Sharq for investment projects PLC with a market value of JD 9,410,986 as of 31 December 2018 (2017: JD 6,621,003).

(32) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

Transition to IFRS 16

The Company has the option to adopt IFRS 16 retrospectively and restate each prior reporting period presented or using the modified retrospective approach by applying the impact as an adjustment on the opening retained earnings. The Company will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Company will adopt IFRS 16 using the modified retrospective approach. During 2018, the Company has performed a detailed impact assessment of IFRS 16.

The Company expect the effect of adopting IFRS 16 to be approximately JD 1,500,000 on the total assets and approximately JD 1,500,000 on the total liabilities.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 - Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Company will apply these amendments when they become effective.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted.

(33) COMPARATIVE NUMBERS

Some of 2017 figures have been reclassified in order to conform with the presentation of 2018 figures. Such classification does not affect previously reported losses or equity.