General Investment Co. Ltd.

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التاريخ: 2019/04/14
الرقم: GIC 148/2019

السادة بورصة عمان المحترمين

عمان – الأردن

تحية واحتراماً وبعد ،،،

نرفق لكم القوائم المالية للشركة (قائمة المركز المالي، قائمة الدخل، قائمة الدخل الشامل، قائمة التغييرات في حقوق المساهمين، قائمة التدفقات النقدية) للفترة من تاريخ **2018/01/01** ولغاية الفترة **2018/12/31** باللغة الانجليزية.

وتفضلوا بقبول فائق الاحترام ،،،

شركة الاستثمارات العامة المساهمة المحدودة
المدير العام
مروان رؤوف أبوجابر

شركة الاستثمارات العامة المساهمة المحدودة
GIC
عمان - الأردن

بورصة عمان
الدائرة الإدارية والمالية
الديوان
١٤ نيسان ٢٠١٩
الرقم المتسلسل: 2075
رقم الملف: 44029
الجهة المختصة:

GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

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

GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
DECEMBER 31, 2018

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Independent Auditor's Report

AM/ 007319

To the Shareholders of
General Investment Company
(A Public Shareholding Limited Company)
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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.

Key Audit Matters

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

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We have performed the tasks mentioned in the auditor responsibility paragraph that is related to the audit of the consolidated financial statements of the Group, in addition to all matters related, therefore our audit comprehensively involves the performance of the procedures that were designed as a response to the risk of material misstatement of the consolidated financial statements.

The results of the performed audit procedures, including those related to the treatment of the items specified below provides basis for our opinion regarding the audit of the accompanied consolidated financial statements.

Valuation of Unlisted Financial Assets

Financial assets at fair value through other comprehensive income represent around 48% of the Company's total assets as of December 31, 2018. These assets include unlisted investments in the amount of JD 2,991,306.The International Financial Reporting Standards requires that these assets to be presented at fair value. The Company should determine their fair value based on a study using discounted future cash flows for these investments.

Scope of Audit to Address the Risk

The audit procedures included understanding and evaluating internal procedures relating to the determination of the fair value of the unlisted financial assets, as well as testing the efficiency of these procedures. In addition to reviewing the estimates and assumptions adopted by the Company's management to determine the fair value of unlisted financial assets. Moreover, these estimates were compared to the requirements of International Financial Reporting Standards and have been deliberated based on available information.

Balances and Transactions with Related Parties

The balances due from related parties amounted to JD 2 Million and represent around 7% of the Company's total assets as of December 31, 2018. The balances due to related parties amounted to JD 433,786 which represents around 14% of the Company's total liabilities as of December 31, 2018. Furthermore, sales to a related party amounted to JD 6,337,920 which represented 62% of net sales for the year ended December 31, 2018. The expected credit loss provision related to balances due from related parties has amounted to around JD 31 thousand.

Scope of Audit to Address the Risk

Audit procedures included understanding the nature of the risks related to transactions with related parties, and an assessment of the effectiveness of the internal controls adopted by the Company. Moreover, we have discussed with the management the accuracy and adequacy of the disclosures and the Company's extent of use to the requirements of the International Accounting Standard (24) "Related Party disclosure".

Implementation of IFRS 9 "Financial Instruments"

The Company has adopted IFRS 9 "Financial Instruments" effective January 1st, 2018, this standard supersedes the requirements of IAS 39 "Financial instruments - recognition and measurement".

We considered this as a key audit matter due to the judgements and estimates involved in the application of the expected credit loss model.

IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets.

We performed the following procedures in relation to the implementation of IFRS 9:

- Reviewed management's assessment of the impact of IFRS 9 "Financial Instruments" in terms of the classification and measurement of its financial assets and liabilities, and understood the approach taken towards implementation.

- Reviewed the expected credit losses model developed by management to that required by IFRS 9 and reviewed the reasonable of the methodology in comparison to accepted best practice. We also tested the arithmetical accuracy of the model;

The Company's management has applied a simplified expected credit loss ("ECL") model to determine the allowance for impairment of trade receivable. The ECL model involves the use of various assumptions, receivable ageing, macro-economic factors and the study of historical trends relating to the Company's trade receivables collections experience.

As of December 31, 2018, the carrying value of trade receivables amounted to approximately JD 1.6 Million and the provision for expected credit loss amounted to around JD 197 thousand.

- Tested key assumptions, used by management, by comparing to historical data. We also considered the incorporation of forward looking factors (predominantly economic) to reflect the impact of future events on expected credit losses;

- Review a sample of the receivables ageing provided to us by the Company's management.

- Involved our specialists to review the methodology used in the expected credit losses model; and compared this against accepted best practice.

The important accounting policies and accounting estimates are presented in Notes (2), (3), and (4) in the consolidated financial statements.

Other Information

Management is responsible for other information which comprise of information stated in the annual report excluding the consolidated financial statements and the independent auditor's report thereon. Furthermore, we expect the annual report 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 form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available to us. In doing so, we consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 the effectiveness of internal control.

- 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

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 consolidated 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 in line with the accompanying consolidated financial statements from all material respects, and we recommend their approval by the General Assembly of Shareholders.

Other Matter
The accompanying consolidated financial statements are a translation of the original consolidated financial statements which are in Arabic language, to which reference should be made.

Amman – Jordan
March 31, 2019

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010103

GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2018	December 31, 2017
ASSETS		JD	JD
Current Assets:			
Cash on hand and balances at banks	5	537,065	3,436,403
Cheques under collection	6	22,159	4,924
Accounts receivable - net	7	1,457,424	314,021
Due from related parties - net	26	2,016,239	1,647,181
Inventory - net	8	2,857,272	2,746,000
Other debit balances	9	893,925	810,645
Total Current Assets		7,784,084	8,959,174
Non-Current Assets:			
Financial assets at fair value through other comprehensive income	10	13,910,190	12,911,126
Financial assets at amortized cost	11	610,000	-
Property and equipment - net	12	6,359,985	6,768,383
Intangible assets - net	13	62,308	39,111
Deferred tax assets	17	92,738	-
Investment property	14	278,850	284,862
Total Non-current Assets		21,314,071	20,003,482
TOTAL ASSETS		29,098,155	28,962,656
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Current Liabilities:			
Payables and other credit balances	15	1,849,504	1,833,768
Due to related parties	26	433,786	493,935
Income tax provision	17	228,563	192,389
Other current liabilities	16	616,316	590,822
Obligation against lease agreement-short term	18	31,740	31,740
Total Current Liabilities		3,159,909	3,142,654
Obligation against lease agreement-long term	18	23,811	55,554
Total Liabilities		3,183,720	3,198,208
Shareholders' equity:			
Paid-up capital	19.a	10,000,000	10,000,000
Statutory reserve	19.b	5,914,384	5,792,126
Voluntary reserve	19.c	2,155,018	2,155,018
Financial assets at fair value valuation reserve	19.d	3,501,357	3,179,602
Retained earnings	19.e	4,343,676	4,637,702
Total Shareholders' Equity		25,914,435	25,764,448
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		29,098,155	28,962,656

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GENERAL INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF INCOME

	Note	For the Year Ended December 31, 2018	2017
		JD	JD
Net sales	28	10,245,026	8,831,190
Cost of Sales:			
Finished goods - beginning of the year	8	358,254	122,757
Cost of production	20	7,086,630	5,329,665
Finished goods - end of the year	8	(455,877)	(358,254)
Cost of Sales		6,989,007	5,094,168
Gross Profit		3,256,019	3,737,022
Less: Selling and distribution expenses	21	(1,262,194)	(1,530,408)
General, administrative and financial expenses	22	(1,170,094)	(816,864)
Provision for slow-moving inventory	8	(230,000)	(59,942)
Expected credit loss provision	7 & 26	(58,832)	1,832
Lawsuits and other commitments provision		(11,000)	-
Net Income from Operations		523,899	1,331,640
Investment revenue and net other revenue	23	769,912	752,777
Other expenses	24	(71,231)	(62,147)
Income for the Year before Income Tax		1,222,580	2,022,270
Income tax provision	17	(194,348)	(242,745)
Income for the Year		1,028,232	1,779,525
Earnings per Share (Basic and Diluted)	25	10%	18%

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GENERAL INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Profit for the year	1,028,232	1,779,525
Other Comprehensive Income Items that will not be reclassified subsequently to the statement of income:		
Net gain from the revaluation of financial assets at fair value through other comprehensive income	321,755	643,211
Gain from the sale of financial assets at fair value through other comprehensive income	-	10,534
Total Other Comprehensive Income Items	321,755	653,745
Total Comprehensive Income for the Year	1,349,987	2,433,270

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Paid-up Capital	Statutory Reserve	Voluntary Reserve	Financial Assets at Fair Value Valuation Reserve	Retained Earnings*	Total Shareholders' Equity
For the Year Ended December 31, 2018		JD	JD	JD	JD	JD	JD
Balance - beginning of the year		10,000,000	5,792,126	2,155,018	3,179,602	4,637,702	25,764,448
Profit for the year		-	-	-	-	1,028,232	1,028,232
Gain from the revaluation of financial assets at fair value through other comprehensive income		-	-	-	321,755	-	321,755
Total Comprehensive Income		-	-	-	321,755	1,028,232	1,349,987
Transferred to statutory reserve		-	122,258	-		(122,258)	-
Dividends	19.e	-	-	-	-	(1,200,000)	(1,200,000)
Balance - End of the Year		10,000,000	5,914,384	2,155,018	3,501,357	4,343,676	25,914,435
For the Year Ended December 31, 2017							
Balance - beginning of the year		10,000,000	5,589,899	2,155,018	2,536,391	4,249,870	24,531,178
Profit for the year		-	-	-	-	1,779,525	1,779,525
Gain from the revaluation of financial assets at fair value through other comprehensive income		-	-	-	643,211	-	643,211
Gain from the sale of financial assets at fair value through other comprehensive income		-	-	-	-	10,534	10,534
Total Comprehensive Income		-	-	-	643,211	1,790,059	2,433,270
Transferred to statutory reserve		-	202,227	-	-	(202,227)	-
Dividends	19.e	-	-	-	-	(1,200,000)	(1,200,000)
Balance - End of the Year		10,000,000	5,792,126	2,155,018	3,179,602	4,637,702	25,764,448

* The retained earning consist of JD 92,738 as of December 31,2018 restricted against deferred tax assets

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Profit for the year before tax		1,222,580	2,022,270
Adjustments:			
Expected credit loss - accounts receivable and due from related parties	7 & 26	58,832	26,786
Reversed from expected credit loss provision	7	-	(28,618)
Provision for slow-moving inventory	8	230,000	59,942
Depreciation of property and equipment	12	979,888	911,520
Depreciation of investment property	14	6,012	6,012
Amortization of intangible assets	13	15,924	22,440
Net bank interest income	23	(120,988)	(112,694)
Dividends distributed from securities	23	(624,988)	(575,734)
(Gain) from the sale of property and equipment	23	(1,500)	(5,611)
Net Cash Flows from Operating Activities before Changes in Working Capital		1,765,760	2,326,313
(Increase) decrease in cheques under collection		(17,235)	211,581
(Increase) in accounts receivable		(1,171,283)	(7,070)
(Increase) in due from related parties		(400,010)	(241,710)
(Increase) in inventory		(341,272)	(169,170)
(Increase) in other debit balances		(83,280)	(498,478)
(Decrease) increase in payables and other credit balances		(307,583)	224,393
(Decrease) increase in due to related parties		(60,149)	241,581
Increase in other current liabilities		25,494	49,746
Net Cash Flows (used in) from Operating Activities before Income Tax		(589,558)	2,137,186
Income tax paid	17	(250,912)	(570,187)
Net Cash Flows (used in) from Operating Activities		(840,470)	1,566,999
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) of property and equipment	12	(571,490)	(731,036)
Proceeds from the sale of property and equipment		1,500	22,364
(Purchase) of intangible assets	13	(39,121)	(23,740)
(Purchase) of investment property		-	(300)
(Purchase) of financial assets at fair value through other comprehensive income		(677,309)	(231,025)
Proceeds from the sale of financial assets at fair value through other comprehensive income		-	62,191
(Purchase) financial assets at amortized cost		(610,000)	-
Bank interest received		120,988	72,910
Dividend distributed from securities	23	624,988	575,734
Net Cash Flows (used in) Investing Activities		(1,150,444)	(252,902)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributed dividends		(876,681)	(1,091,014)
Obligation against lease agreement-long term		(31,743)	87,294
Net Cash Flows (used in) Financing Activities		(908,424)	(1,003,720)
Net (Decrease) Increase in Cash		(2,899,338)	310,377
Cash on hand and at banks - beginning of the year		3,436,403	3,126,026
Cash on Hand and at Banks - End of the Year	5	537,065	3,436,403

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

1. General

a. General Investment Company was established and registered at the Ministry of Industry and Trade as a public shareholding limited Company under No. (117) on November 26, 1977, in accordance with the Companies Law No. (13) For the year 1964. The Company has increased its capital, on several stages, to reach 10 million shares at a par value of JD 1 per share.

b. The Company's headquarters is located in Amman, and its address is: Abu Jabber's Building, Zahran Street, Jabal Amman, Amman, and B.O. Box 8050, Amman 11121 Jordan.

c. On July 16, 2007, the Company obtained the approval of the Ministry of Industry and Trade to merge the Arabian Beer Factory with the Company noting that, the General Assembly of Shareholders agreed to merge the two Companies on October 15, 2006, and the Company's shares were returned for trading on Amman Stock Exchange on May 28, 2008. In addition, the registration of the Arabian Beer Factory Company as regards to the general and private sales tax was canceled as of February 28, 2008. Based on the decision of the Board of Directors, in their meeting No. (135) dated July 8, 2008, the actual merger of the accounts took place on January 1, 2008.

d. The Company's objectives are to conduct all industrial activities, real estate activities, and any other related investing activities that aim to make profit, including the following:

1. To carry out the production, manufacturing and distribution of regular refreshments, soft drinks, mineral water, beer, malt, ice, carbon dioxide; and to import any complementary raw materials.
2. To own and use any trademarks, invention rights, or royalties, as the Company deems appropriate, to accomplish its objectives.
3. To own and manage movable and immovable properties provided that acquisition of land is not intended for trade or gain purposes.
4. To conduct commercial, manufacturing and agricultural business, as the Company deems necessary, to achieve its objectives.

e. The Company sells its products in the local market through their local exclusive distributor; Saed Abu Jaber Company (A shareholder). In subsequent period to the date of the consolidated financial statements, the agreement with Saed Abu Jaber and Sons Company was terminated. The Company became the main distributor of all its products (note 31).

f. The Company manufactures some of its products under a franchise agreement with Heineken - Holland (a shareholder), in addition to Henninger - Germany for a specific franchise fee, granting the Company the exclusive franchise to use trademarks in geographical areas designated for the sale of some products the Company produces.

The agreement obligates the Company to market some of its produced products according to the franchise agreement and to an annual marketing plan that aims to increase sales and to meet demand appropriately.

g. The accompanying consolidated financial statements were approved by the Board of Directors 27th of March, 2019, and are subject to the approval of the General Assembly of shareholders.

2. Significant Accounting Policies

Basis of Consolidation

- The consolidated financial statements comprise the consolidated financial statements of the Company and its subsidiary where the Company holds control over the subsidiary. The control exists when the Company controls the subsidiary significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All balances, transactions, income and expenses between the Company and the subsidiaries are eliminated.

- The consolidated financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. If different accounting policies were applied by the subsidiary, adjustments shall be made on their consolidated financial statements in order to comply with those of the Company.

- The subsidiary is consolidated from the date on which control is transferred to the Company. The results of subsidiary acquired or disposed of during the year is included in the consolidated income statement from the date of acquisition and up to the date of disposal, as appropriate.

- During 2017, The Company established "Al-Motamizeh for Distribution and agencies" (A limited liability Company) in Amman-Jordan with a paid capital of JD 30,000 distributed among 30,000 shares, fully owned by the Company. The registration with the regulatory authorities was finalized on January 12, 2017. During the year 2018 the holding Company has increased the paid up capital of the subsidiary by JD 45,000 ,Making the subsidiary Company's paid up capital JD 75,000

  The main objectives of the subsidiary are export, import, distribution, wholesale and retail trade in food, consumables and the trade of carbonated drinks, and import, export and distribute cosmetics, and trade sterilizers and detergents, as well as renting possess the warehouses necessary to store goods in addition to general trade.

  As follows Information regarding the subsidiary:

	December 31, 2018		For the Year Ended December 31, 2018
	JD		JD
Total assets	339,651	Total revenue	128,227
Total liabilities	372,405	Total expense	303,875
Net assets	(32,754)	(Loss) for the year	(175,648)

Basis of Preparation of the Consolidated Financial Statements

- The consolidated financial statements have been prepared in accordance to the International Financial Reporting Standards and their related interpretations.

- The consolidated financial statements of the Company are presented in Jordanian Dinar, which is also its functional currency.

- The consolidated financial statements have been prepared according to the historical cost convention except for financial assets at fair value through other comprehensive income which are stated at fair value at the date of consolidated financial statements.

- The accounting policies adopted in the preparation of the consolidated financial statements in the year ended December 31, 2018 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 Note (3/a) and (3/b).

The following are the most significant accounting policies adopted by the Company:

Inventory
Finished goods are stated at cost (using the first – in, first - out method) or net realizable value, whichever is lower, net of provision for expired and slow-moving items, Cost includes; raw materials cost, direct labor and other manufacturing overheads. Net realizable value represents the estimated selling price less all estimated completion costs and costs to be incurred in marketing, selling and distribution. Raw materials, packaging materials, spare parts and other materials are also shown at cost (in a weighted average method) after the slow moving material is reduced. Provision is made for slow moving items based on management's estimate of the net realizable value of the goods.

Intangible Assets
Intangible assets are stated at cost and classified on the basis of useful life estimates for a definite or an indefinite period. Intangible assets with definite useful lives are amortized over their useful lives and charged to the consolidated statement of income, Intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date, and impairment loss is charged to the consolidated statement of income.

No capitalization of intangible assets resulting from the Company's operations is made, they are charged to the consolidated statement of income in the year incurred.

Any indication of impairment in the value of intangible assets as of the date of the consolidated financial statements is reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustments are made in the subsequent period.

Systems and programs are amortized over their estimated useful lives at a rate of 25%.

Property and Equipment
- Property and equipment are stated at cost and depreciated (except for land), using the straight-line method at annual rates ranging from 2% to 25%.

- When the expected recoverable amount of any property and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is taken to the consolidated statement of income.

- Property and equipment's useful lives are reviewed at the end of each year and if the expected useful life differs from the previous estimate, the difference is recorded in subsequent years as a change in accounting estimates.

- Property and equipment are disposed of when there are no expected future benefits from its use or its disposal.

Foreign Currencies
For the purpose of the consolidated financial statements, the results and financial position of each group Company are expressed in the functional currency of the Company, and the presentation currency for the consolidated financial statements.

The individual financial statements of each group Company are presented in the currency of the primary economic environment in which it operates (its functional currency). In preparing the financial statements of the individual Companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in consolidated statement of income in the period in which they arise except for:

- Exchange differences on transactions entered into to hedge certain foreign currency risks.

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to consolidated statement of income on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a separate component of equity.

Revenue Recognition
The Company recognizes revenue mainly from sale of goods (Alcoholic & nonalcoholic beverages).

Revenue is measured based on the consideration to which the Company expects to be entitled (net after returns and discounts) in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product or service to a customer, being when the goods have been shipped to the specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

If customers have a right of return, at the point of sale, a refund liability and a corresponding adjustment to revenue is recognized for those products expected to be returned. At the same time, the Company has a right to recover the product when customers exercise their right of return so consequently recognizes a right to returned goods asset and a corresponding adjustment to cost of sales. The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognized will not occur given the consistent level of returns over previous years.

The Company accounts for consideration payable to a customer (listing fee and promotional expenses) which occur in conjunction with purchase of goods from the Company as a reduction of the transaction, unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company.

Free of charge goods are recognized in the cost of sales.

Interest income and expenses

Interest income and expense for all financial instruments are recognized in the consolidated statement of 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.

Financial Instruments

Financial assets and financial liabilities are recognized in the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial Assets at Fair Value through Other Comprehensive Income

These financial assets represent investments in Companies shares for the purpose of keeping them for the long term, and not for trading purposes.

These assets are initially stated at fair value added acquisition costs at the date of purchase. Subsequently, they are revalued at fair value, and the changes in fair value are recognized in the consolidated statement of other comprehensive income and within shareholders' equity, including the changes in the fair value resulting from the translation of non-monetary assets in foreign currencies. The gain or loss resulting from the sale of these investments or part of them should be recognized in the consolidated statement of comprehensive income, and the balance of revaluation reserve for these sold financial assets should be transferred directly to retained earnings, and not to the consolidated statement of income.

Dividends are recorded in the consolidated statement of income.

These financial instruments are not subject to impairment test.

Financial Assets

Financial assets are recognised in the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (except for financial assets at fair value through statement of income) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value.

Amortised cost

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

For an asset that is classified at amortized cost. its contractual terms should result in cash flows that are only principal and interest payments on the outstanding amount.

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

Contractual cash flows representing the principal and interest payments are on the outstanding amount 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.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in consolidated statement of income.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Provision for expected credit loss

The Company has adopted the simplified approach to recognize expected credit losses over the life of its receivables as permitted by IFRS 9. Accordingly, non-impaired trade receivables that do not contain a significant financing component have been classified as part of stage 2 with the recognition of expected credit losses over their lifetime.

A provision for the expected credit loss should be recognized over the life of the financial instrument if the credit risk on that financial instrument increases substantially since the initial recognition and the expected credit loss is an expected 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 expectation of several future economic scenarios, discounted at the effective interest rate of the asset.

The Company assesses whether there is objective evidence of impairment on an individual basis for each asset of 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.

Write off

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts past due for long periods where every client case is studied separately, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated statement of income.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of income.

Classification as Debt or Equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through statement of income.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Trade and other payables classified as financial liabilities are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised based on effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of income.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive)as of the date of the consolidated statement of financial position as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the date of the consolidated statement of financial position, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Income tax
Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income, Moreover, taxable income differs from income declared in the financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations and instructions of the countries where the Company operates.

Deferred taxes are taxes expected to be paid or recovered as a result of the temporary timing differences between the value of assets or liabilities in the consolidated financial statements and the value on the basis of which taxable income is calculated, Moreover, deferred taxes are calculated based on the liability method in the consolidated statement of financial position according to the tax rates expected to be applied upon the settlement of the tax liability or realization of the deferred tax assets.

Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements, and reduced in case no benefit is expected to arise therefrom, partially or totally or when tax liabilities are recognized.

Fair value measurement

Fair value is defined as the a price at which an asset is to be sold or paid to convert any of the liabilities in a structured transaction between the market participants on the measurement date, irrespective of whether the price can be realized directly or whether it is estimated using another valuation technique. When estimating the fair value of an asset or liability, the Company takes into consideration when determining the price of any asset or liability whether market participants are required to take these factors into account at the measurement date. The fair value of the measurement and / or disclosure purposes in these consolidated financial statements is determined on the same basis, except for measurement measures that are similar to fair value procedures and are not fair value such as fair value as used in IAS 36.

In addition, fair value measurements are classified for the purposes of financial reporting to level (1) or (2) or (3) based on the extent to which the inputs are clear to fair value measurements and the importance of inputs to the full fair value measurements, which are identified as follows:

Input Level (1) inputs derived from quoted (unadjusted) prices of identical assets or liabilities in active markets that the enterprise can obtain on the measurement date;

Input level (2) inputs derived from data other than quoted prices used at level 1 and observable for assets or liabilities, either directly or indirectly; and;

Input level (3) are inputs to assets or liabilities that are not based on quoted market prices.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Impairment of Non-Financial Assets

At the reporting date, the Company assesses whether there is evidence that the asset has been impaired. If any evidence exists, or when an impairment test is required, the Company assesses the recoverable amount of the asset. The recoverable amount of the asset is the fair value of the asset or cash-generating unit less cost of sales and value in use whichever is higher and is determined for the individual asset, unless the asset does not generate substantially independent internal cash flows from those arising from other assets or assets of the Company. Where the carrying amount of the asset or cash-generating unit exceeds the recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In assessing the fair value used, future cash flows are discounted to their present fair value using a pre-tax discount rate that reflects current market assessments of the time value of funds and the risks specific to the asset. In determining fair value less cost of sales, recent transactions in the market are taken into consideration if available. If such transactions cannot be identified, the appropriate valuation model is used.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

Investment Properties

Investment properties are stated at cost less accumulated depreciation (excluding land). These investments are amortized over their useful lives at rates of 2% to 15% per annum. Any impairment is recognized in the income statement and the operating income or expenses of these investments are recognized in the income statement

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 consolidated financial statements that did not materially affect the amounts and disclosures in the consolidated financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

New and revised standards	Amendments to new and revised IFRSs
Annual improvements to IFRSs issued between 2014 and 2016.	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	Amendments to new and revised IFRSs
IFRIC 22: *"Foreign currency transactions and advances".*	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 40: *"Investment properties".*	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.

New and revised standards	Amendments to new and revised IFRSs
	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. 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: A. Abrogation of the original obligation; 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 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
Amendments to IFRS 4: *"Insurance contracts".*	These amendments relate to the difference between the effective date of IFRS 9 and the new standard for insurance contracts.
Amendments to IFRS 15 *"Revenue from Contracts with Customers".*	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.

B. <u>Amendments with material effect on the financial statements of the Company:</u>

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 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 for the current period.

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.

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 are stated in Notes (2) and (4). The disclosure regarding the impact of the adoption of the IFRS 9 on the Company.

IFRS 15 *Revenue from Contracts with Customers*
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 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

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:

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.

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.

IFRS 15 may be adopted retrospectively, by restating comparatives and adjusting retained earnings at the beginning of the earliest comparative period. Alternatively, IFRS 15 may be adopted as of the application date on January 1, 2018, by adjusting retained earnings at the beginning of the first reporting year (the cumulative effect approach).

The Company has adopted IFRS 15 using the cumulative effect approach, and did not have an impact on the opening balances of the current retained earnings. The Company recognized the cost of free of charge goods amounted to JD 620 thousand in the cost of sales during the year, Details of the Company's accounting policies were disclosed in detail in note (2) above.

C. New and revised IFRSs issued and not yet effective:

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

New and revised IFRS	Amendments to new and revised IFRSs
Annual Improvements to IFRS Standards for financial statement issued in 2015 - 2017 (Effective form on January 1, 2019).	The annual Improvements includes Amendments to IFRS 3 *"Business Combinations"*, IFRS 11 *"Joint Arrangements"*, IAS 12 *"Income Taxes"* and IAS 23 *"Borrowing Costs."*
IFRIC 23 Uncertainty over Income Tax Treatments (Effective form on January 1, 2019).	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: • whether the tax treatment should be considered in aggregate؛ • assumptions regarding the procedures for the examination of tax authorities؛ • determine taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates؛ • The impact of changes in facts and circumstances.
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.

New and revised IFRS	Amendments to new and revised IFRSs
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, 8, 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.
IFRS 17 "*Insurance Contracts*" (Effective form 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.

New and revised IFRS	Amendments to new and revised IFRSs
Amendments to IFRS (10) Consolidated Financial Statements and IAS 28 "*Investments in Associates and Joint Ventures* (2011)" **(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 consolidated financial statements of the Company in the initial period of application except for the effect of the adoption of IFRS 16, Shown below:

Management also expects that IFRS 16 will be applied for the financial period beginning on January 1, 2019. The application may have a material effect on the amounts recognized and disclosures in the Company's consolidated financial statements regarding its leases. However, it is not practicable to provide a reasonable estimate of the impact of the adoption of IFRS 16 until a detailed review by the Company.

4. Significant Accounting Judgments and Key Sources of Uncertainty

The preparation of the consolidated financial statements and the adoption of accounting policies requires 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 consolidated 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 consolidated financial statements are as follows:

Useful life of tangible assets and intangible assets

The management periodically re-estimates the useful life of tangible assets and intangible assets for the purpose of calculating the annual depreciation and amortization based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the consolidated statement of income for the year.

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.

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 consolidated 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 asset.

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 the calculation of expected credit loss.

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 financer expects to collect, taking into account cash flows from collaterals and credit adjustments.

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".

5. Cash on Hand and Balances at Banks

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Cash on hand	2,549	6,000
Balance at banks – current accounts	534,516	575,448
Balance at banks – time deposits	-	2,854,955
	537,065	3,436,403

6. Cheques under Collection

Cheques under collection due date extends to January 13, 2019.

7. Accounts Receivable - Net

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Trade receivables*	1,653,985	482,702
Less: Expected credit loss provision**	(196,561)	(168,681)
	1,457,424	314,021

* During subsequent period to the date of the financial statements. Major portion of accounts receivables that relate to exports has been collected.

The ageing of these receivables is as follows:

	December 31,	
	2018	2017
	JD	JD
Less than 30 days	561,433	100,366
From 31 days to 60 days	372,007	33,440
From 61 days to 90 days	187,404	72,375
From 91 days to 180 days	210,365	47,596
From 181 days to 270 days	54,399	31,598
From 271 days to 360 days	21,766	22,364
More than 360 days	246,611	174,963
	1,653,985	482,702

** The movement on the expected credit loss provision during the year is as follows:

	2018	2017
	JD	JD
Balance – beginning of the year	168,681	170,513
Provision booked during the year	27,880	26,786
Reversed provision during the year	-	(28,618)
Balance – end of the Year	196,561	168,681

Accounts receivable include outstanding balances for more than 360 days in the amount of JD 246,611 as of December 31, 2018 (JD 174,963 as of December 31, 2017). In subsequent period a major portion of these receivables has been collected. Also, the Company's management believes that the reaming amounts are recoverable.

8. Inventory - Net

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Finished goods	455,877	358,254
Goods under production	169	155,561
Raw materials	421,998	284,737
Packaging materials and supplies	1,403,989	1,352,759
Spare parts	498,088	451,938
Goods in transit	317,417	157,302
Marketing products	104,188	107,551
Bonded goods	7,648	-
	3,209,374	2,868,102
Less: Provision for slow-moving items *	(352,102)	(122,102)
	2,857,272	2,746,000

* The movement on the provision for slow-moving items during the year is as follows:

	2018	2017
	JD	JD
Balance - beginning of the year	122,102	62,160
Provision booked during the year	230,000	59,942
Balance - End of the Year	352,102	122,102

9. Other Debit Balances

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Prepaid expenses	103,424	65,420
Unearned revenue	44,289	39,784
Employees receivable	13,326	23,543
Refundable deposits	12,457	12,307
Advance payment from suppliers	720,429	669,591
	893,925	810,645

10. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Shares of listed Companies *	10,918,884	10,314,366
Shares of unlisted Companies **	2,991,306	2,596,760
	13,910,190	12,911,126

* This item includes an investment with a fair value of JD 1,400 as of December 31, 2018, restricted against the Board of Directors' membership in the investee Company (JD 2,700 as of December 31, 2017).

** The shares of Companies not listed in financial markets are valuated according to the most recent consolidated financial information available to the investee Companies, and we believe that there is no impairment in the value of these investments.

11. Financial Assets at Amortized cost

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Jordan Trade Facilities Company bonds	500,000	-
Ithmaar Investment & Financial Consultancy Company bonds **	110,000	-
	610,000	-

* During the month of February 2018, the Company invested in bonds from Jordan Trade Facilities Company with a nominal value of JD 500,000. Issued on February 9, 2018 for 359 days at a fixed interest rate of 6.75%, calculated on the basis of the number of actual days divided by 360 days. And is payable every six months.

** During the month of October 2018, the Company invested in 22 bonds from Ithmaar Investment and Financial Consultancy Company with a nominal value of JD 110,000. Issued on 10 October 2018 for 5 years and at a fixed interest rate of 8.25% calculated on the basis of the number of actual days divided by 365 from the date of issue until maturity date.

12. Property and Equipment - net

This item consists of the following:

	Land	Headquarters Building*	Plant Building	Water Well	Tools and Equipment	Furniture and Computers	Air Conditioning	Cell Phones	Vehicles	Forklifts	Fire Alarm System	Silos	Projects Under Process	Total
For the Year Ended December 31, 2018	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:														
Balance - beginning of the year	948,870	3,328,678	1,659,784	80,131	16,064,473	251,710	145,819	24,098	779,660	129,217	20,420	691,781	-	24,124,641
Additions	-	12,829	108,615	-	194,289	48,007	7,586	425	-	-	-	-	199,739	571,490
Disposals	-	-	-	-	-	-	-	-	(7,800)	(56,400)	-	-	-	(64,200)
Transfers	-	-	-	-	175,837	-	-	-	-	-	-	-	(175,837)	-
Balance - End of the Year	948,870	3,341,507	1,768,399	80,131	16,434,599	299,717	153,405	24,523	771,860	72,817	20,420	691,781	23,902	24,631,931
Accumulated depreciation:														
Balance - beginning of the year	-	157,009	1,315,779	75,370	14,455,485	193,420	65,481	18,027	297,931	65,555	20,420	691,781	-	17,356,258
Additions	-	66,787	63,667	4,312	672,440	28,591	12,600	2,096	118,616	10,779	-	-	-	979,888
Disposals	-	-	-	-	-	-	-	-	(7,800)	(56,400)	-	-	-	(64,200)
Balance - End of the year	-	223,796	1,379,446	79,682	15,127,925	222,011	78,081	20,123	408,747	19,934	20,420	691,781	-	18,271,946
Net Book Value as of December 31, 2018	948,870	3,117,711	388,953	449	1,306,674	77,706	75,324	4,400	363,113	52,883	-	-	23,902	6,359,985
For the Year Ended December 31, 2017														
Cost:														
Balance - beginning of the year	948,870	3,321,782	1,586,076	80,131	15,776,728	219,830	142,496	21,081	520,395	99,918	20,420	691,781	-	23,429,508
Additions	-	6,896	73,708	-	291,945	32,311	3,323	3,017	290,537	29,299	-	-	-	731,036
Disposals	-	-	-	-	(4,200)	(431)	-	-	(31,272)	-	-	-	-	(35,903)
Balance - End of the year	948,870	3,328,678	1,659,784	80,131	16,064,473	251,710	145,819	24,098	779,660	129,217	20,420	691,781	-	24,124,641
Accumulated depreciation:														
Balance - beginning of the year	-	90,501	1,262,799	68,766	13,814,102	168,704	53,940	16,191	218,150	58,534	20,420	691,781	-	16,463,888
Additions	-	66,508	52,980	6,604	645,583	24,716	11,541	1,836	94,731	7,021	-	-	-	911,520
Disposals	-	-	-	-	(4,200)	-	-	-	(14,950)	-	-	-	-	(19,150)
Balance - End of the Year	-	157,009	1,315,779	75,370	14,455,485	193,420	65,481	18,027	297,931	65,555	20,420	691,781	-	17,356,258
Net Book Value as of December 31, 2017	948,870	3,171,669	344,005	4,761	1,608,988	58,290	80,338	6,071	481,729	63,662	-	-	-	6,768,383
Annual Depreciation Rate %	-	2	4-10	10	10 - 20	2.5 - 25	10 - 20	15	15	15	10	10	-	

* This item represents the value of the fourth floor area plus one third of the sixth floor of the United Insurance Company building (Related Party) in Zahran Street - Fifth Circle. The ownership transfer procedures of the building was completed on August 3, 2016. The Company paid the costs of transferring the ownership which amounted to JD 386,440 in addition to additional costs amounting JD 25,450 which were paid to United Insurance Company (Note 26).

- The Company had zero value assets in an amount of JD 13,826,227 as of December 31, 2018 (JD 11,230,616 as of December 31, 2017).

13. Intangible Assets – Net

This item consists of the following

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Cost:		
Balance - beginning of the year	102,660	78,920
Additions during the year	39,121	23,740
Balance – End of the Year	141,781	102,660
Accumulated Amortization:		
Balance – beginning of the year	63,549	41,109
Amortization for the year	15,924	22,440
Balance – End of the Year	79,473	63,549
Net Book value –as of December 31,2018	62,308	39,111
Annual amortization rate %	25	25

14. Investment Property

This item includes the following:

	December 31,	
	2018	2017
	JD	JD
Land	121,699	121,699
Amstel building - cost	302,305	302,305
Less: Accumulated depreciation *	(145,154)	(139,142)
	278,850	284,862

* The movement on accumulated depreciation during the year is as follows:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Balance – beginning of the year	139,142	133,130
Depreciation for the year	6,012	6,012
Balance – End of the Year	145,154	139,142

- Investment property depreciation is recorded based on rates ranging from 2% to 15% annually.

- The fair value has been estimated by a real-estate evaluator. The fair value of these investments amounted to JD 610,222 as of December 31, 2018.

15. Payables and Other Credit Balances

This item includes the following:

	December 31, 2018	December 31, 2017
	JD	JD
Trade accounts payable	758,142	416,651
Due to Income and Sales Tax Department	741,278	1,031,523
Undistributed dividends deposit	323,319	367,416
Due to Social Security Corporation	26,765	18,178
	1,849,504	1,833,768

16. Other Current Liabilities

This item consists of the following:

	December 31, 2018	December 31, 2017
Notes payable	JD	JD
Jordanian universities fees	274,685	274,685
Scientific research and training fees	67,349	67,349
Remunerations of the Board of Directors	76,619	74,974
Accrued expenses	194,519	147,192
Rent revenue received in advance	-	7,650
Other	3,144	18,972
	616,316	590,822

17. Tax

A. Income Tax Expense:

The item consists of the following:

	2018	2017
	JD	JD
Accrued income tax on the current year's profit	287,086	242,745
Deferred tax assets	(92,738)	-
	194,348	242,745

B. Income Tax Provision:

The movement on the income tax provision is as follows:

	2018	2017
	JD	JD
Balance – beginning of the year	192,389	519,831
Accrued income tax on the current year's profit	287,086	242,745
	479,475	762,576
Less: Income tax paid during the year	(250,912)	(570,187)
Balance – End of the Year	228,563	192,389

- Income tax is calculated based on taxable income at a rate of 14%. Which represents the percentage imposed on the Company.

C. Tax Status

The Company has appealed the Income and Sales Tax Department's claim for part of the sales tax from November 1, 2009 to December 31, 2011, in addition to double tax penalties and legal penalty for the period from July 1, 2010 to October 31, 2010 and the period from July 1, 2010 to October 31, 2011, which amounted to JD 228,361 and it's in the experts phase. The assigned expert from the court's side estimated that the required amount is JD 111,201, the Company have paid the amount due to the Income and Sales Tax Department during December 2018.

The Company has reached a final settlement for its income tax up to the end of the year 2016, The Company has submitted its income tax for the year of 2017 and it has not been reviewed by the Income and Sales Tax Department till the date of the accompanying consolidated financial statements.

In the management's and the tax expert opinion the income tax provision booked in the consolidated financial statement is sufficient, and there is no need to book any additional provision.

D. Deferred tax assets

This item consists of the following:

	2018				2017
	Balance-Beginning of the Year	Additions	Balance-End of the Year	Deferred Tax Assets	Deferred Tax Assets
	JD	JD	JD	JD	JD
Expected credit loss provision (receivables & due from related parties)	168,681	58,832	227,513	36,402	-
Provision for slow-moving inventory	122,102	230,000	352,102	56,336	-
	290,783	288,832	579,615	92,738	-

Deferred tax assets were calculated at a rate of 16% as of 31 December 2018. The Company did not account for the deferred tax liabilities as management believes that there will be no future tax liabilities for the related items.

18. Lease Obligations

This sections represents the following:

	2018	2017
	JD	JD
Obligations against lease agreement - short-term	31,740	31,740
Obligations against lease agreement - long-term	23,811	55,554
	55,551	87,294

A lease agreement was signed for ten cars during the year 2017. The lease term is for 36 months with monthly Installments of JD 2,645 starting from October 25, 2017. The average interest rate included in the lease agreements is 5% annually which is fixed at the date of the agreements, therefore the Company is subject to the average interest fair value risk as all lease agreements are made based on fixed repayments and no arrangements are made for the expected lease payments.

19. Shareholders' Equity

a. Paid – up capital

The Company's paid-up capital consists of 10 million shares at a par value of JD 1 for each.

b. Statutory reserve

Statutory reserve represents accumulated amounts transferred from the annual net income before tax at a rate of 10%, in accordance with the Jordanian Companies Law, this reserve may not be distributed to shareholders

c. Voluntary reserve

Voluntary reserve represents accumulated amounts transferred from the annual net income before tax at a rate not exceeding 20% from prior years. This reserve is used for the purposes determined by the Board of Directors, and the General Assembly of Shareholders has the right to distribute it, in whole or part, as dividends to shareholders.

d. Financial assets at fair value valuation reserve

This item represents a valuation reserve for financial assets at fair value through other comprehensive income which resulted from revaluating these assets at their fair value as of December 31, 2018 and 2017.

e. Retained earnings

The Board Directors recommended in their meeting held on February 6, 2019, to distribute cash dividends of JD 1,200,000 to the shareholders, which is equivalent to 12% of paid-up capital and its subject to the General Assembly of shareholders' approval.

The General Assembly of shareholders in their ordinary meeting held on April 22, 2018 approved the board of directors' recommendation to distribute cash dividends of JD 1,200,000 to shareholders at a rate of 12% of the capital for the year 2017.

20. Cost of Production

This item consists of the following:

	Notes	2018	2017
		JD	JD
Raw materials - beginning of the year	8	284,737	494,909
Purchases during the year		1,437,533	507,332
Raw materials - end of year	8	(421,998)	(284,737)
Raw materials used in production		1,300,272	717,504
Packaging materials - beginning of the year	8	1,352,759	1,402,789
Purchases during the year		2,113,991	1,957,474
Packaging materials - end of the year	8	(1,403,989)	(1,352,759)
Packaging materials used in production		2,062,761	2,007,504
Materials used in production		3,363,033	2,725,008
Salaries, wages and other employees' benefits		574,156	538,388
Other production expenses:			
Water, fuel and electricity		731,887	642,907
Professional fees		80,531	104,003
Equipment, devices and buildings maintenance		111,772	113,967
Security		21,233	21,600
Health insurance		21,534	20,378
Cleaning expenses		17,318	19,802
License and tax fees		15,896	17,389
Hospitality		8,814	8,689
Transportation		31	7,783
Workers uniforms		7,614	7,137
Mail and telephone		3,282	2,923
Stationery and publications		1,928	1,016
Damaged inventory		31,760	53,992
Others		29,024	82,152
Total other production expenses		1,082,624	1,103,738
Depreciation of property and equipment		747,434	709,411
Cost of free of charge good*		620,028	-
Goods under production – beginning of year	8	155,561	176,165
Imported goods Purchases		543,963	232,516
Goods under production – end of year	8	(169)	(155,561)
Cost of Production and cost of imported goods		7,086,630	5,329,665

* This Item represents the cost of free charge goods related to Sales contracts. This item has been classified as a cost of production item during the year 2018 as per the implementation of IFRS (15).

21. Selling and Distribution Expenses

This item consists of the following:

	2018	2017
	JD	JD
Employees' salaries	416,900	288,668
Promotions advertisement and selling expenses	418,165	730,091
Trade mark cost (Amstel) (Note 26)	161,482	153,976
Franchise fees (Heineken) (Note 26)	57,713	82,478
Shipping fees	73,495	82,293
Depreciation and amortization	38,431	69,765
Travel and Transportation expenses	14,766	25,393
Vehicle expenses	60,041	39,213
Telecommunication	-	7,549
Franchise fees (Henninger) (Note 26)	5,000	4,737
Electricity	-	8,647
Others	16,201	37,598
	1,262,194	1,530,408

22. General Administrative and Financial Expenses

This item consists of the following:

	2018	2017
	JD	JD
Employees' salaries	569,418	433,180
Depreciation of property and equipment	196,782	132,412
Subscriptions	38,555	27,960
Professional fees	33,909	28,221
Vehicle expenses	55,000	33,531
Telecommunication expense	25,549	17,334
Amortization of intangible assets	13,165	22,372
Travel and transportation	18,242	23,461
Stationery and supplies	29,402	23,408
Electricity expense	19,912	12,146
Lawsuits expenses	102,164	37,646
Hospitality	12,699	6,099
Bank expenses	7,922	7,279
Information technology fees	1,571	7,529
Rent expenses	20,720	-
Others	25,084	4,286
	1,170,094	816,864

23. Investment Revenue and Other Revenues

This item consists of the following:

	2018	2017
	JD	JD
Rents received	34,049	40,034
Amstel Building Operating Costs:		
Salaries	5,510	6,712
Water, fuel and electricity	2,930	2,752
Building maintenance	17	1,146
General tax	-	113
Depreciation of property and equipment	6,012	6,012
Total operating cost	14,469	16,735
Net building revenue	19,580	23,299
Gain from financial assets at fair value through other comprehensive income – distributed dividends	624,988	575,734
Bank interest	120,988	112,694
Other revenue	2,856	35,329
Foreign currency exchange differences	-	110
Gain on sale of property and equipment (capital gain)	1,500	5,611
	769,912	752,777

24. Other Expenses

This item consists of the following:

	2018	2017
	JD	JD
Board of Directors' remunerations	31,654	30,821
Board of Directors' transportations	31,654	30,821
Others	7,923	505
	71,231	62,147

25. Earnings per Share for the Year

Earnings per share for the year is as following:

	December 31,	
	2018	2017
	JD	JD
Income for the year	1,028,232	1,779,525
Weighted average of outstanding shares	10,000,000	10,000,000
Earnings per Share for the Year:		
Basic	10%	18%
Diluted	10%	18%

26. Balances and Transactions with Related Parties

The details of balances and transactions with related parties is as follows:

	Major Shareholders and Members of Board of Directors	Related Companies	Expected Credit Losses *	Total
December 31,2018	JD	JD	JD	JD
Receivables	1,921,916	125,275	(30,952)	2,016,239
Payables	412,795	20,991	-	433,786
Investments **	-	6,253,417	-	6,253,417
Obligations against financial Lease	-	55,551	-	55,551
December 31,2017				
Receivables	1,637,340	9,841	-	1,647,181
Payables	394,380	99,555	-	493,935
Investments**	-	5,905,977	-	5,905,977
Obligations against financial Lease	-	87,294	-	87,294
For the Year Ended December 31,2018				
Revenues	6,337,920	2,020	-	6,339,940
Expenses	-	869,008	-	869,008
For the Year Ended December 31,2017				
Revenues	6,656,421	4,080	-	6,660,501
Expenses	494,511	115,922	-	610,433

* The movement on expected credit losses provision – Related parties is as follows:

	2018	2017
	JD	JD
Balance – beginning of the year	-	-
Provision booked during the year	30,952	-
Balance – End of the year	30,952	-

** Investments in related companies (Partially owned by major shareholders) were increased by 172,800 shares with a cost of JD 662,950 and financial assets at amortized cost with a cost of JD 500,000 during the year ended December 31, 2018.

The Company manufactures some of its products under a franchise agreement with Heineken - Holland (a shareholder), in addition to Henninger - Germany for a specific franchise fee, granting the Company the exclusive franchise to use trademarks in geographical areas designated for the sale of some products the Company produces.

The agreement obligates the Company to market some of its produced products according to the franchise agreement and to an annual marketing plan that aims to increase sales and to meet demand appropriately.

The Company sells its products in the local market through their local exclusive distributor; Saed Abu Jaber Company (A shareholder). In subsequent period to the date of the consolidated financial statements, the agreement with Saed Abu Jaber and Sons Company was terminated. The Company became the main distributor of all its products (Note 31).

The salaries and bonuses of executive management amounted to JD 295,277 for the year 2018 (JD 295,084 for the year 2017).

27. Financial Instruments

A. Capital risk management

The Company manages its capital to ensure its continuity and maximize return to the stakeholders through the achievement of the optimum balance between liabilities and equity.

The Company's strategy is to maintain an acceptable rate for liabilities compared to shareholders' equity. The debt to shareholders' equity ratio as of December 31, 2018 and December 31, 2017 was as follows:

	December 31,	
	2018	2017
	JD	JD
Total current liabilities	3,159,909	3,142,654
Total shareholders' equity	25,914,435	25,764,448
Liabilities to shareholders ratio	12.2%	12.2%

The Company's policy for capital management remained the same through the year 2018 compared to the year 2017.

B. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company.

Moreover, the Company follows a policy of dealing with credit worthy parties, including related parties, in order to reduce the risk of financial losses resulting from failure to meet obligations.

Trade receivables mainly consist of three categories:

A. Debtors of local sales (Saed Abu Jabber and Sons)
B. Debtors of export sales
C. Debtors of leasing operations

In some cases, the Company obtains advance payments, bills of collection for export sales, or cheques under collection, based on the agreement with the client, equal to the value of the goods ordered (or a substantial part thereof).

The following schedule summarizes the accounts receivable concentration for the three categories mentioned above:

	December 31,	
	2018	2017
	JD	JD
Saed Abu Jabber and Sons – Shareholder	1,467,074	1,478,481
Debtors of export sales	978,818	196,991
Debtors of leasing operations	44,529	33,504
	2,490,421	1,708,976

C. 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 mainly deals with US dollar and Euro. The book value of the Company's financial assets and liabilities in foreign currencies as of the date of the consolidated statement of financial position is as follows:

	Assets		Liabilities	
	December 31		December 31	
	2018	2017	2018	2017
	JD	JD	JD	JD
Euro	317,298	398,904	412,933	48,621
US Dollars	1,275,135	636,604	34,024	338,197

Currency risk relates to the changes in the currency prices of foreign currency payments. To reduce the risk of exchange rate volatility of the Euro, the Company maintains euro current accounts and time deposits at local banks.

The following table summarizes the impact of the increase (decrease) in the Euro exchange rate by 10%, as of the consolidated statement of financial position date, on the consolidated statement of income:

	+10%		-10%	
	2018	2017	2018	2017
	JD	JD	JD	JD
(Loss) gain for the year	9,563	35,028	(9,563)	(35,028)

The Company's management believes that the US Dollar foreign currency risk is immaterial as the Jordanian Dinar (the Company's functional currency) is pegged to the US Dollar.

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 commitments.

The Company manages liquidity risk through obtaining credit facilities, maintaining constant control over actual and estimated cash flows, and matching the maturities of financial assets and financial liabilities. Moreover, part of the Company's cash is invested in bank accounts and is ready to fulfill short-and medium-term funding requirements and liquidity management.

E. 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 Company manages its exposure to interest rate risk on an ongoing basis, so that different options are continually evaluated.

The Company's management believes that the interest rate fluctuations risk will not have a material impact on the results of the Company's operations.

F. Investments prices risk

The Company maintains an investment portfolio, mostly from shares consistently traded on Amman Stock Exchange, in addition to the unlisted shares of other Companies. The Company classifies all equity investments as financial assets at fair value through other comprehensive income, thus eliminating the effect of stock price volatility on the profit for the year.

The following table summarizes the impact of the increase (decrease) in Amman Financial Market General Index by 5% over the fair value of financial assets at fair value through other comprehensive income in circulation, which affects shareholders' equity as of the date of the consolidated statement of financial position. The sensitivity analysis has been prepared on the assumption that stock prices move in the same proportion of the market index changes:

	+5%		-5%	
	2018	2017	2018	2017
	JD	JD	JD	JD
Shareholders' equity	545,944	515,718	(545,944)	(515,718)

The Company also diversifies equity investments in various economic sectors to alleviate the adverse impact of the fluctuations in the fair value of investments. The following is the distribution of investments by sector:

	December 31,	
	2018	2017
	JD	JD
Banks	7,344,381	7,445,111
Services	6,033,379	4,753,350
Manufacturing	84,401	166,851
Insurance	448,029	545,814
	13,910,190	12,911,126

G. Geographical distribution risks

The Company conducts its operations inside Jordan and abroad. The following is the geographical distribution information for Company's operation inside Jordan and abroad:

	Inside the Kingdom	Outside the Kingdom	Total	
			2018	2017
	JD	JD	JD	JD
Net sales	8,101,866	2,143,160	10,245,026	8,831,190
Cost of sales	(4,481,521)	(2,507,486)	(6,989,007)	(5,094,168)
Gross Profit	3,620,345	(364,326)	3,256,019	3,737,022
Less: Selling and distribution expenses	(1,225,286)	(36,908)	(1,262,194)	(1,530,408)
General, administrative and financial expenses	(1,170,094)	-	(1,170,094)	(816,864)
Slow-moving inventory provision	(230,000)	-	(230,000)	(59,942)
Expected credit loss provision	(58,832)	-	(58,832)	1,832
Lawsuits provision	(11,000)	-	(11,000)	-
Income from Operations	925,133	(401,234)	523,899	1,331,640
Revenue from investments and other revenues	769,912	-	769,912	752,777
Other expenses	(71,231)	-	(71,231)	(62,147)
Income for the Year before Income Tax	1,623,814	(401,234)	1,222,580	2,022,270
Income tax provision	(194,348)	-	(194,348)	(242,745)
Income for the Year	1,429,466	(401,234)	1,028,232	1,779,525

	Inside the Kingdom	Outside the Kingdom	December 31, Total 2018	2017
	JD	JD	JD	JD
Assets	28,271,664	826,491	29,098,155	28,962,656
Liabilities	2,734,675	449,045	3,183,720	3,198,208

28. Operating Segments

The operating segments of the Company are as follows:

a. Manufacturing segment

This sector represents the Company's investment in assets in order to manufacture and sell its main products of alcoholic and non-alcoholic drinks, classified into mainly domestic sales and export sales and duty free zone sales.

b. Investing segment

This sector represents the Company's investment in a portfolio of financial assets as well as investments in a real estate building. The revenue of this sector is classified as recurring (consisting of rental income and dividends) and non-recurring (comprised of gains and losses on the disposal of investments as well as impairment).

A. Revenue and Net Profit from Operating Segments

Below is the analysis of the Company's revenues and operating results distributed according to its operating segments:

	2018	2017
Manufacturing:	JD	JD
Net local sales	6,596,554	5,829,093
Export sales	2,143,160	1,790,946
Duty Free Zone Sales / Aqaba	1,505,312	1,211,151
	10,245,026	8,831,190
Less: Cost of sales	(6,989,007)	(5,094,168)
Total Profits from Sale	3,256,019	3,737,022
Less: Sales and distribution expenses	(1,262,194)	(1,530,408)
Total Segment Profits	1,993,825	2,206,614
Investing:		
Frequent revenues	756,365	711,726
Total Segment Profits	756,365	711,726
Total Segment Income	2,750,190	2,918,340
Other expenses and revenues not distributed over segments	(1,527,610)	(896,070)
Income for the Year before Income Tax	1,222,580	2,022,270
Income tax expense	(194,348)	(242,745)
Income for the Year	1,028,232	1,779,525

- The revenue shown above does not include any transactions between the two sectors.

B. Operating Segments Assets and Liabilities

The analysis of the Company's assets and liabilities distributed according to its operating segments is as follows:

	Assets		Liabilities	
	December 31,		December 31,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Manufacturing	9,635,335	8,559,107	2,283,290	1,991,682
Investing	14,799,040	13,195,988	-	7,650
Total Assets / Liabilities	24,434,375	21,755,095	2,283,290	1,999,332
Undistributed assets / liabilities	4,663,780	7,207,561	900,430	1,198,876
Total Assets / Liabilities	29,098,155	28,962,656	3,183,720	3,198,208

C. Revenues from main sales

Revenues of the manufacturing segment (representing the major part of the Company's revenue) consists of sales of alcoholic and non-alcoholic drinks as follows:

	2018	2017
	JD	JD
Sales of alcoholic drinks	19,642,158	17,081,807
Sales of non-alcoholic drinks	230,375	245,088
Total Sales	19,872,533	17,326,895
Less: Sales tax	(9,627,507)	(8,495,705)
Net Sales	10,245,026	8,831,190

29. Contingent Liabilities

The Company had the following contingent liabilities at the date of the financial position:

	December 31,	
	2018	2017
	JD	JD
Letters of guarantee	78,786	59,786
Letters of credit	-	186,113
	78,786	245,899

30. Lawsuits

Lawsuits against the Company have amounted to JD 22,298 and Lawsuit raised by the Company amounted to JD 36,620 .According to the management and their legal consultant, the Company will not bear any obligations against these lawsuits expect for one case with the amount of JD 9,695 for which a provision has been booked for.

31. Subsequent Period Events

The distribution agreement was terminated with Saed Abu Jaber and Sons Company, according the Company become the main distributor in the local market.

32. Fair Value Hierarchy

A. The fair value of financial assets and financial liabilities of the Company specified at fair value on an ongoing basis:

Some financial assets and liabilities of the Company are measured at fair value at the end of each fiscal period. The following table shows information about how the fair value of these financial assets and liabilities is determined (valuation methods and inputs used).

Financial Assets/Financial Liabilities	Fair Value December 31, 2018	Fair Value December 31, 2017	The Level of Fair Value	Valuation Method and Inputs Used	Important Intangible Inputs	Relation between Fair Value and Significant Intangible Inputs
Financial asset at fair value	JD	JD				
Financial assets at fair value through other comprehensive income						
Shares of listed companies	10,918,884	10,314,366	Level I	Prices issued in market values	Not Applicable	Not Applicable
Shares of unlisted companies	2,991,306	2,596,760	Level II	Comparing the market value with a similar financial instrument	Not Applicable	Not Applicable
Total	13,910,190	12,911,126				

There were no transfers between the first level and second level during 2018 and 2017.

B. The fair value of financial assets and financial liabilities of the Company (non-specific fair value on an ongoing basis):

Except as set out in the table below, we believe that the carrying value of financial assets and financial liabilities in the financial statements of the Company approximates their fair value, as the Company's management believes that the carrying value of the items listed below approximate their fair value, due to either their short-term maturity or repricing of interest rates during the year.

	December 31, 2018		December 31, 2017		Fair value
	Book Value	Fair Value	Book Value	Fair Value	Level
Financial assets with an unspecified fair value	JD	JD	JD	JD	
Property investment	278,850	610,222	284,862	610,222	Level II
Total Financial Assets with an Unspecified Fair Value	278,850	610,222	284,862	610,222	

For the above-mentioned items, the second and third levels financial liabilities and financial assets have been determined at fair value according to the agreed-upon pricing model, which reflects the credit risk of the parties dealt with.