شركة عمون الدولية للاستثمارات المتعددة
Ammoun International Multi Lateral Investments Co

الرقم: 20/ص/2020

التاريخ: ٢٠٢٠/٥/١٩

السادة / هيئة الأوراق المالية المحترمين،،،

<u>الموضوع: القوائم المالية كما في 31 كانون الاول 2019</u>

تحية طيبة وبعد،،

عملاً بتعليمات الافصاح، نرفق لكم طيه نسخة عن البيانات المالية الموحدة لشركة عمون الدولية للاستثمارات المتعددة وشركاتها التابعة كما في 31 كانون الأول 2019 ، باللغتين العربية والانجليزية اضافة لقرص مدمج يحتوي على التقارير أعلاه.

واقبلوا فائق الإحترام،،،

رئيس مجلس الادارة

بشير طهبوب

شركة عمون الاستثمارية
Ammoun Investment Company

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
١٩ أيار ٢٠٢٠
الرقم المتسلسل ١٨٩٧
الجهة المختصة الافصاح

Amoun International for Investments
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Consolidated financial statement
and independent auditor's report
for the year ended December 31, 2019

Amoun International for Investments
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

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Independent Auditor's Report

To Messrs. Shareholders
Amoun International for Investments
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Amoun International for Investments (Public Shareholding Company),** which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019, and of its consolidated financial performance and its consolidated 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 *Auditors' 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 (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Emphasis of a matter

We refer to note no. (6) & (19) of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

Investment property	Scope of audit
According to the requirements of International Financial Reporting Standards, investment property is initially measured at cost including transaction costs, and a test for impairment is made for the investment property in the consolidated statement of financial position when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication of impairment exits, impairment loss is calculated according to the assets impairment policy.	Audit procedures that we have conducted among other matters included getting an appraisal from real estate experts in order to help us determine the market value of the investment property as at the date of consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standard, and for such internal control as management determines is 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 consolidated financial reporting process.

Auditors' 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 auditors' 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 International Standards on Auditing (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 International Standard on Auditing, we exercise professional judgment 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group consolidated financial statement. We are responsible for the direction, supervision and performance of the group 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 safeguards.

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

Report on Other Legal and Regulatory Requirements

The Company has proper accounting records which are, in all material respects, consistent with the accompanying consolidated financial statements, accordingly, we recommend to approve these consolidated financial statements by the general assembly.

طلال أبوغزاله وشركاه الدولية
Talal Abu-Ghazaleh & Co. Intl.

Talal Abu-Ghazaleh & Co. International

Mohammad Al-Azraq
(License # 1000)

Amman – March 16, 2020

Amoun International for Investments
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Consolidated statement of financial position as at December 31, 2019

	Note	2019	2018
ASSETS		JD	JD
Non-current Assets			
Property and equipment	3	5,877,595	5,490,877
Investment properties	4	667,257	667,257
Intangible asset	5	17,058	-
Aragen Biotechnology Co. receivable - non-current	6	600,000	1,800,000
Total Non-Current Assets		**7,161,910**	**7,958,134**
Current Assets			
Financial assets at fair value through profit or loss	7	22,800	27,000
Other debit balances	8	90,380	56,156
Aragen Biotechnology Co. receivable	6	1,450,000	1,200,000
Trade receivables	9	-	-
Cash and cash equivalents	10	270,931	265,777
Total Current Assets		**1,834,111**	**1,548,933**
TOTAL ASSETS		**8,996,021**	**9,507,067**
EQUITY AND LIABILITIES			
Equity			
Capital		6,180,371	6,180,371
Statutory reserve	11	346,839	346,839
Retained earnings		1,710,019	2,309,358
Total Equity		**8,237,229**	**8,836,568**
Liabilities			
Non-Current Liabilities			
Loan	12	145,965	361,965
Current Liabilities			
Loan - current	12	216,000	216,000
Other credit balances	13	189,041	92,534
Trade payables		207,786	-
Total Current Liabilities		**612,827**	**308,534**
Total Liabilities		**758,792**	**670,499**
TOTAL EQUITY AND LIABILITIES		**8,996,021**	**9,507,067**
Contra accounts			
Notes receivable to repay a debt		2,100,000	3,000,000

The accompanying notes form part of these financial statements

Amoun International for Investments
And It's Subsidiaries
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Consolidated statement of comprehensive income for the year ended December 31, 2019

	Notes	2019	2018
		JD	JD
Hotel activity loss	14	(110,641)	-
Gain on compensation of Aragen case	6	-	3,356,716
Other revenues	15	8,530	132,701
Administrative expenses	16	(465,244)	(319,666)
Expected credit losses		(3,510)	-
Losses on financial assets at fair value through profit or loss		(4,200)	(4,807)
Finance costs	17	(24,274)	-
(Loss) profit		**(599,339)**	**3,164,944**
Basic earning per share from (loss) profit	18	JD (-\097)	JD -\512

The accompanying notes form part of these financial statements

Amoun International for Investments
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Consolidated statement of changes in equity for the year ended December 31, 2019

	Capital	Statutory reserve	Retained earnings	Net equity
	JD	JD	JD	JD
Balance as at January 1, 2018	6,180,371	28,443	(537,190)	5,671,624
Profit	-	-	3,164,944	3,164,944
Statutory reserve	-	318,396	(318,396)	-
Balance as at December 31, 2018	**6,180,371**	**346,839**	**2,309,358**	**8,836,568**
Loss	-	-	(599,339)	(599,339)
Balance as at December 31, 2019	**6,180,371**	**346,839**	**1,710,019**	**8,237,229**

The accompanying notes form part of these financial statements

Amoun International for Investments
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Consolidated statement of cash flows for the year ended December 31, 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES	JD	JD
(Loss) profit	(599,339)	3,164,944
Adjustments for :		
Depreciation	5,200	5,200
Gain on sale of property and equipment	-	(18,000)
Change in fair value of financial assets at fair value through profit or loss	4,200	4,700
Expected credit losses	3,510	-
Contingent legal obligation expense	143,000	15,993
Recovery of the former chairman of the board of directors payable	-	(114,701)
Change in operating assets and liabilities:		
Aragen Biotechnology Co. receivable	950,000	(3,000,000)
Financial assets at fair value through profit or loss	-	71,041
Other debit balances	(37,734)	(16,626)
Other credit balances	(46,493)	7,271
Trade payables	207,786	-
Net cash from operating activities	**630,130**	**119,822**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(408,976)	(376,545)
Proceeds from sale of property and equipment	-	18,000
Investment in associate	-	143,284
Net cash from investing activities	**(408,976)**	**(215,261)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan	(216,000)	326,229
Net cash from financing activities	**(216,000)**	**326,229**
Net change in cash and cash equivalents	**5,154**	**230,790**
Cash and cash equivalents - beginning of year	265,777	34,987
Cash and cash equivalents - end of year	**270,931**	**265,777**
Information about non-cash transactions		
Transferred from project under construction to intangible asset	17,085	-

The accompanying notes form part of these financial statements

1. Legal status and activities

- Legal status and activity for the parent company and its subsidiary as follows:

Company's Name	Legal status	Ownership percentage	Record date at the Ministry of Industry and Trade	Record number	The main objectives of the company
		%			
Rawat Ammoun Tourism Investments Co.	Limited liability	100	August 21, 2014	37916	Purchase lands, build apartments and residential complexes and other.
Amoun International for Investments	Public shareholding company	-	April 28, 2008	452	Investing in real estate, agricultural, industrial, therapeutic, tourism, service and financial fields.

- The financial statements were approved by the board of directors in its session number (1/2020) held on March 15,2020 and requires the approval of the general assembly of shareholders.

2. Basis for preparation of financial statements and significant accountant policies

2-1 Basis for financial statement preparation

- Financial statements preparation framework

The financial statements have been prepared in accordance with International Financial Reporting Standards issued by International Accounting Standard Board.

- Measurement bases used in preparing the financial statements

The financial statements have been prepared on the historical cost basis except for measurement of certain items at bases other than historical cost.

- Functional and presentation currency

The financial statements have been presented in Jordanian Dinar (JD) which is the functional currency of the entity.

2-2 Using of estimates

- When preparing of financial statements, management uses judgments, assessments and assumptions that affect applying the accounting policies and currying amounts of assets, liabilities, revenue and expenses. Actual result may differ from these estimates.
- Change in estimates are reviewed on a constant basis and shall be recognized in the period of the change, and future periods if the change affects them.
- For example, estimates may be required for expected credit losses, useful lives of depreciable assets, provisions, and any legal cases against the entity.

2-3 Application of new and modified International Financial Reporting Standards

New and modified standards adopted by the entity

- International Financial Reporting Standard No. (16)

  As of January 1, 2019, the entity adopted the International Financial Reporting Standard No. (16) Lease contracts, which replaces:

  - IAS 17 Leases.
  - IFRIC- 4 Determining whether an Arrangement contains a lease.
  - SIC-15 Operating Leases - Incentives.
  - SIC-27 Evaluating the Substance of Transactions Involving the legal form of a lease.

  The International Financial Reporting Standard No. (16) brings significant changes in accounting requirements and treatments of the operating leases, primarily for lessees, whereby all lease contracts were capitalized as assets and recognize an obligations against them with narrow exceptions to this recognition principle for leases where the underlying asset is of low value and for short term leases (i.e. those with a lease term of 12 months or less). The accounting treatment of the lease contracts has remains largely unchanged, as the lessor will continue to classify the lease contracts as either operating lease or finance lease, using principles similar to those in International Accounting Standard No. (17).

- The entity has chosen to apply this standard with modified retrospective approach (without adjusting the comparative figures) which is allowed by the standard.
- The most important impact of IFRS (16) on lease contracts in terms of:
  - **Definition of lease contracts**

    What distinguishes this standard is the concept of control, whereby lease and service contracts are classified on the basis of whether the customer has control over the use of an identified asset for a period of time in exchange for a consideration.

  - **Lessee's accounting treatments for lease contracts (operating lease)**

    What distinguishes this standard is the way the entity account for operating lease contracts as they are outside the financial statements.

    Applying the standard to all lease contracts with the exception for leases where the underlying asset is of low value and for short term leases (i.e. those with a lease term of 12 months or less). the entity does the following:

    - A recognition of the right-of-use assets and liabilities of the lease contracts in the statement of financial position initially at the present value of future lease payments.
    - The depreciation of the right-of-use assets and profits is recognized on the lease liabilities in the income statement.
    - In the statement of cash flows, the payments that reduces lease liability are classified within financing activities and the amounts related to the interest expense of the lease liabilities are classified within operating or financing activities. As for short-term lease contracts or low-value leases (non-capitalized) contracts, they are classified under operating activities.
    - The principle amount of the lease contract within financing activities and profits on lease liabilities within operating activities.

For short-term lease contracts of one year or less, and lease contracts for low-value leased assets are recognized as an expense in the income statement on a straight-line basis.

The International Financial Reporting Standard No. (16) provides for testing the impairment of the right of use assets in accordance with Accounting Standard No. (36) Impairment of Assets, and this is different from the International Accounting Standard No. (17), which required recognition of a provision for onerous lease contracts.

- **Lessee's accounting treatments for lease contracts (finance lease)**

  What distinguishes this standard is the residual value guarantees provided by the lessee to the lessor, whereby the expected amount to be paid is recognized as part of the lease liability, while International Accounting Standard No. (17) recognizes the maximum for the guaranteed amount.

- Based on management assessment there is no significant effect of applying IFRS (16) on the financial statements.

Standards and Interpretations issued but not yet effective

Standard number or interpretation	Description	Effective date
Accounting Standard No. (1) Presentation of financial statements. Accounting Standard No. (8) Accounting policies, changes in accounting estimates and errors	Definition of material Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.	January 1,2020 or after
International Financial Reporting Standard (17) Insurance Contracts	IFRS (17) replaces IFRS (4), which requires measuring insurance liabilities at the present value of the consideration and provides a more consistent approach to measurement and presentation of all insurance contracts.	January 1,2022 or after
Amendments to IFRS (3) Business Combinations.	Modifications to the definition of business. In order to be considered business it must be an integrated set of activities and assets and include as a minimum inputs and an objective process that together contribute greatly to the ability to create outputs. It should have the ability to contribute to the creation of outputs rather than the ability to create outputs	January 1,2020 or after
Amendments to the International Financial Reporting Standard No. (10) Consolidated Financial Statements and International Accounting Standard No. (28) Associates and Joint Ventures.	These amendments relate to the sale or contribution of assets between the investor, the associate and / or the joint venture.	Undetermined date

2-4 Summary of significant accounting policies

- **Basis of consolidation**
  - The consolidated financial statements comprise the financial statements of the parent company and Rawat Ammoun Tourism Investments Co. (subsidiary) which is 100% controlled by the company.
  - Control is presumed to exist when the parent is exposed, or has rights, to variable returns from its involvement through its power over the investee, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.
  - Intergroup balances, transactions, income and expenses shall be eliminated in full.

- **Property and equipment**
  - Property and equipment are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.
  - After initial recognition, the property and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.
  - The depreciation charge for each period is recognized as expense. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed over the estimated useful life of the assets using the following rates:

Category	Depreciation rate
	%
Apartment	2
Vehicles	15
Furniture and decorations	20

  - The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
  - The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
  - On the subsequent derecognition (sale or retirement) of the property and equipment, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.
  - Amount paid to build up property and equipment are initially carried to projects under construction account. When the project becomes ready for use, it will be transferred to property and equipment caption.

- **Investment property**
  - Investment property is property (land or building- or part of a building- or both):
    - Held by the entity to earn rentals,
    - For capital appreciation, or both, rather than for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.
  - Investment property is measured initially at its cost, including transaction costs.
  - After initial recognition, investment property is carried, in the statement of financial position, at its cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.

- Buildings depreciation charge for each period is recognized in the statement of comprehensive income. Depreciation is calculated on a straight line basis, which reflects the pattern in which the buildings' future economic benefits are expected to be consumed by the entity over their estimated useful life of 25 years.
- The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
- The carrying values of investments property are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
- On the subsequent derecognition (sale or retirement) of the investment property, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

- <u>Intangible assets</u>

  - Intangible assets are identifiable non-monetary assets without physical substance.
  - Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses.
  - Acquisition costs comprise the purchase price and other costs directly attributable to preparing the assets for their intended use.
  - Amortization charge is recognized as loss, on a straight-line basis over the following useful lives of intangible assets.
  - The estimated useful lives are reviewed at each financial year-end, with the effect of any changes in estimate being accounted for on a prospective basis.
  - The carrying values of intangible assets are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairment loss is calculated in accordance with impairment of assets policy.

- <u>Impairment of non-financial assets</u>

  - At each statement of financial position date, management reviews the carrying amounts of its non-financial assets (property, plant and equipment and investment property) to determine whether there is any indication that those assets have been impaired.
  - If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset.
  - For the purpose of impairment valuation, assets are grouped at the lower level that have cash flow independently (cash generating unit), previous impairment for non-financial assets (excluding goodwill) is reviewed for the possibility of reversal at the date of the financial statements.
  - An impairment loss is recognized immediately as loss.
  - Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately as income.

- **Trade payables and accruals**

Trade payables and accruals are liabilities to pay for goods or services that have been received or supplied and have been either invoiced or formally agreed with the suppliers or not.

- **Offsetting financial instruments**

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when, and only when, an entity currently has a legally enforceable right to set off amounts and intends to either settle in a net basis, or through realize the asset and settle the liability simultaneously.

- **Cash and cash equivalents**

Cash comprises cash on hand, current accounts and short term deposits at banks with a maturity date of three months or less, which are subject to an insignificant risk of changes in value.

- **Trade receivables**

- Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Trade receivables are stated at invoices (claims) amount net of allowance for expected credit losses which represents the collective impairment of receivables.

- **Impairment of financial assets**

- At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVTOCI are credit - impaired. A financial assets is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.
- The entity recognizers loss allowance for expected credit loss (ECL) on:
  - Financial assets measured at amortized cost.
  - Debt investments measured at FVOCI.
  - Contract assets.
- The entity measures loss allowances at an amount equal to lifetime ECLs.
- Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.
- When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Entity considers reasonable and supportable information that is relevant and available without undue cost or effort based in the entitys historical experience and forward looking information.
- The entity considers a financial asset to be in default when:
  - The client is unlikely to pay its credit obligations to the entity in full, without recourse by the entity to actions such as realizing security (if any); or
  - The financial asset is more than 360 days past due.
- Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.
- A financial assets is written of when there is no reasonable expectation of recovering the contractual cash flows. The entity write of the gross carrying amount of the financial asset is in case of, liquidation, bankruptcy or issuance of a court ruling to reject the claim for financial asset.

- **Basic earnings per share from loss or profit**

Basic earnings per share is calculated by dividing profit or loss, attributable to ordinary shareholders, by the weighted average number of ordinary shares outstanding during the year.

- **Revenue recognition**
  - The entity recognize revenue from sale of good and rendering of service when control is transferred to the customer.
  - Revenues are recognized based on consideration specified in contract with customer that expected to be received excluding amounts collected on behalf of third parties.

- **Dividend and interest revenue**
  - Dividend revenue from investments is recognized when the shareholder's right to receive payment is established.
  - Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

- **Borrowing costs**
  - Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.
  - Borrowing costs are expensed in the period in which they are incurred.
  - Borrowing costs in relation to the acquisition, construction and production of the qualifying assets are treated as part of the cost of the relevant assets. Qualifying assets are those assets that take a substantial period of time to get ready for their intended use.
  - The borrowing costs eligible for capitalization are the actual borrowing costs incurred on the borrowing less any investment income on the temporary investment of those borrowings.
  - The borrowing costs eligible for capitalization are determined by applying capitalization rate to the expenditures on the qualifying assets. The capitalization rate is the weighted average of the borrowing applicable to the borrowings of the entity that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining the qualifying assets.
  - Capitalization of borrowing costs commence when:
    - Expenditures for the qualifying assets are being incurred
    - Borrowing costs are being incurred, and
    - Activities that are necessary to prepare the qualifying assets for their intended use or sale are in progress.

Notes to the consolidated financial statements for the year ended December 31, 2019

3. Property and equipment

	Lands	Buildings (*)	Kitchen machinery and equipment	Furniture and decorations	Apartment	Electronic devices	Linens and accessories	Computer hardware and software	Office equipment	Vehicles	Project under construction	Total
2019	JD	JD	JD		JD	JD	JD					JD
Cost												
Balance - beginning of year	-	-	-	66,468	260,000	-	-	-	-	11,550	5,282,933	5,620,951
Additions	-	-	-	-	-	-	-	-	-	-	408,976	408,976
Disposals	2,000,000	2,978,189	286,393	232,677	-	119,921	29,195	25,913	2,563	-	(5,674,851)	-
Transferred to intangible asset	-	-	-	-	-	-	-	-	-	-	(17,058)	(17,058)
Balance - end of year	2,000,000	2,978,189	286,393	299,145	260,000	119,921	29,195	25,913	2,563	11,550	-	6,012,869
Accumulated depreciation												
Balance - beginning of year	-	-	-	66,467	52,058	-	-	-	-	11,549	-	130,074
Depreciation	-	-	-	-	5,200	-	-	-	-	-	-	5,200
Balance - end of year	-	-	-	66,467	57,258	-	-	-	-	11,549	-	135,274
Net	2,000,000	2,978,189	286,393	232,678	202,742	119,921	29,195	25,913	2,563	1	-	5,877,595
2018												
Cost												
Balance - beginning of year	-	-	-	66,468	260,000	-	-	-	-	93,550	4,906,388	5,326,406
Additions	-	-	-	-	-	-	-	-	-	-	376,545	376,545
Disposals	-	-	-	-	-	-	-	-	-	(82,000)	-	(82,000)
Balance - end of year	-	-	-	66,468	260,000	-	-	-	-	11,550	5,282,933	5,620,951
Accumulated depreciation												
Balance - beginning of year	-	-	-	66,467	46,858	-	-	-	-	93,549	-	206,874
Depreciation	-	-	-	-	5,200	-	-	-	-	-	-	5,200
Disposals	-	-	-	-	-	-	-	-	-	(82,000)	-	(82,000)
Balance - end of year	-	-	-	66,467	52,058	-	-	-	-	11,549	-	130,074
Net	-	-	-	1	207,942	-	-	-	-	1	5,282,933	5,490,877

(*) This item includes finance costs amounted JD 29,615 as at December 31, 2019.

(**) The Hotel project was received at the end of 2019 and it will be depreciated as of the beginning of 2020.

4. Investment properties

The market value of investment lands amounted to JD 680,410 as per a real estate expert appraisal dated January 29, 2020 with an appreciation of JD 13,153.

5. Intangible asset

2019	Website JD
Cost	
Transferred to intangible asset	17,058
Balance - end of year	**17,058**

6. Aragen Biotechnology Co. receivable

On July 19, 2017, the decision of the arbitral tribunal was issued on the case of annulment of sale agreement that was signed between Amoun International for Investments Co. and The Jordanian Pharmaceutical Manufacturing Co. which is related to the purchase of shares in Aragen Biotechnology Co. it was decided to terminate the contract retroactively and considering the agreement as if it was not, and restore the situation to what it was before contracting. According to the decision of annulment, The Jordanian Pharmaceutical Manufacturing Co. was obliged to return the agreed amount subject to the agreement to Amoun International for Investments Co. plus the material damage arising from the disruption of some of the agreement items, in addition to all the expenses of the case amounted to JD 3,871,313 (three million eight hundred seventy-one thousand three hundred thirteen Jordanian Dinars) plus 9% legal interest on the total amount awarded from the date of the legal warning till the complete payment. Knowing that this judgement is subject to appeal.

On October 25, 2018, a reconciliation agreement was signed between the company and the Jordanian Pharmaceutical Manufacturing Co. to pay the amount of JD 3,500,000, which represents the total amount due to Amount International for Investments Co. on behalf of its share in the company and as a compensation for the accumulated losses incurred by Amoun International for Investments Co. during the previous years for its investment in the company. JD 500,000 was received upon signature and the remaining amount will be paid In 10 quarterly installments guaranteed by bills provided by the Jordanian Pharmaceutical Manufacturing Co. and also, guaranteed by Jordanian Islamic Bank, the first installment will be accrued on January 30, 2019 and the last installment will be accrued on April 30, 2021. Accordingly, Amoun International for Investments will waive its share in the company.

7. Financial assets at fair value through profit or loss

	2019 JD	2018 JD
Balance - beginning of year	27,000	102,741
Sale during the year	-	(71,041)
Change in fair value	(4,200)	(4,700)
Balance - end of year	**22,800**	**27,000**

8. Other debit balances

	2019	2018
	JD	JD
Prepaid to Income and Sales Tax Department	38,909	1,543
Prepaid expenses	22,284	8,077
Refundable deposit	14,390	14,390
Prepaid to supplier, net (*)	8,004	3,510
Work advances	5,436	13,496
Employees receivable	826	140
Prepaid to Social Security Corporation	531	-
Other	-	15,000
Total	**90,380**	**56,156**

(*) Movement on prepaid to supplier during the year is as follows:

	2019	2018
	JD	JD
Prepaid to suppliers	11,514	3,510
Allowance for expected credit losses on prepaid to supplier (**)	(3,510)	-
Balance - end of year	**8,004**	**3,510**

(**) Movement on allowance for expected credit losses on prepaid to supplier during the year is as follows:

	2019	2018
	JD	JD
Provided during the year	3,510	-
Balance - end of year	**3,510**	**-**

9. Trade receivables

	2019	2018
	JD	JD
Trade receivables	60,500	60,500
Allowance for expected credit losses (*)	(60,500)	(60,500)
Net	-	-

(*) Movement on allowance for expected credit losses during the year is as follows:

	2019	2018
	JD	JD
Provided during the year	60,500	-
Effect of applying IFRS (9)	-	60,500
Balance - end of year	**60,500**	**60,500**

10. Cash and cash equivalents

	2019	2018
	JD	JD
Current accounts at banks - Jordanian Dinar	269,087	265,777
Cash on hand	1,632	-
Current account at bank - US Dollar	212	-
Total	**270,931**	**265,777**

11. Statutory reserve

Parent Company - Public Shareholding Company

- Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals one quarter of the Company's subscribed capital. However, the Company may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full. Such reserve is not available for dividends distribution.
- For the general assembly after exhausting other reserves to decide in an extraordinary meeting to quench its losses from the accumulated amounts in statuary reserve, and to rebuild it in accordance with the provisions of the law.

Subsidiary Company - Limited Liability Company

- Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals of the Company's subscribed capital. Such reserve is not available for dividends distribution.
- For the general assembly after exhausting other reserves to decide in an extraordinary meeting to quench its losses from the accumulated amounts in statuary reserve, and to rebuild it in accordance with the provisions of the law.

12. Loan

This item represents the remaining amount of the loan provided by Capital Bank, the loan is repaid under 42 equal monthly installments except for the last payment. The first payment is due on November 16, 2018 and the last will be due on March 16, 2023 the loan was granted by the financial position of the company.

13. Other credit balances

	2019	2018
	JD	JD
Due from former chairman of the board of directors	143,000	-
Judicial payable	21,256	21,256
Accrued expenses	19,894	10,400
Other	3,611	2,178
Unearned revenues	1,230	-
Sales and Income Tax Department deposits	50	15,200
Contractor payables	-	28,500
Due from a member of the board of directors	-	15,000
Total	**189,041**	**92,534**

14. Hotel activity loss

	2019	2018
	JD	JD
Hotel revenues	8,733	-
Cost of revenues (*)	(119,374)	-
Total	**(110,641)**	-

(*) Cost of revenues

	2019	2018
	JD	JD
Salaries, wages and related benefits	49,800	-
Stationery and printings	10,694	-
Food and beverage	8,637	-
Maintenance	7,396	-
Governmental expenses and subscriptions	6,769	-
Contribution in social security	6,776	-
Uniform	4,936	-
Consumables	4,895	-
Water and electricity	4,194	-
Security	3,339	-
Health insurance and treatments	3,041	-
Cleaning and hospitality	2,700	-
Communication	2,004	-
Services	1,719	-
Fuel	1,500	-
Commissions	468	-
Miscellaneous	292	-
Advertisements	190	-
Transportation	24	-
Total	**119,374**	**-**

15. Other revenues

	2019	2018
	JD	JD
Other	6,276	-
Bank interest revenue	2,254	-
Recovery of the former chairman of the board of directors payable	-	114,701
Gain on sale of property and equipment	-	18,000
Total	**8,530**	**132,701**

16. Administrative expenses

	2019	2018
	JD	JD
Judicial expenses	160,344	162,936
Contingent judicial obligation expense	143,000	15,993
Governmental fees and subscriptions	86,252	12,329
Salaries, wages and related benefits	18,360	55,875
Professional fees	17,117	26,300
Fines	8,053	-
Water and electricity	5,800	13,776
Depreciation	5,200	5,200
Maintenance	4,368	2,387
Security	3,575	3,150
Communication	2,347	2,403
General assembly meeting expenses	2,341	1,456
Social security contribution	2,052	6,927
Consumables	2,044	-
Cleaning	1,320	2,596
Vehicles expenses	892	4,265
Insurance	540	2,171
Fuel	504	-
Bank interests and commissions	390	281
Miscellaneous	294	577
Hospitality	228	362
Stationery and printings	173	297
Advertisements	50	385
Total	**465,244**	**319,666**

17. Loss on financial assets at fair value through profit or loss

	2019	2018
	JD	JD
Loss on financial assets revaluation	(4,200)	(4,700)
Distributed dividends	-	1,015
Loss on sale of financial assets	-	(1,122)
Loss	**(4,200)**	**(4,807)**

18. Basic earning per share from (loss) profit

	2019	2018
	JD	JD
(Loss) profit	(599,339)	3,164,944
Weighted average number of share	6,180,371	6,180,371
Basic earning per share from (loss) profit	**JD (-/097)**	**JD -/512**

19. Accumulated losses for subsidiaries

The accumulated losses of Rawaat Ammon Company for Tourism Investments (limited liability) at the date of the statement of financial position amounted to JD 261,546 representing 174% of the company's capital.

Article No. (75) of the Companies Law No. (22) for the year 1997 and its amendments indicates that [should the Limited Liability Company's losses amount to three quarters of its capital, the Company shall be liquidated unless the General Assembly decides in an extraordinary meeting to increase the Company's capital to deal with the losses or quench the losses in accordance with the accredited international accounting and auditing standards, provided that the total of the remaining losses does not exceed half of the Company's capital in both cases]. According to the future plan laid down by the company's management, the company will quench the accumulated losses in the partner's payable account during 2020.

20. Tax status

Parent

Sales and income tax status has not been settled for 2015, 2016, 2017 and 2018. According to the opinions of management and tax consultant, there is no need to take any provisions and the company will not have any future financial tax obligations.

Subsidiary

Sales and income tax status has been settled until 2018. According to the management and tax consultant's opinions, there is no need to take any provisions and the company will not have any future financial tax obligations.

21. Risk management

a) Capital risk:

- Regularly, the capital structure is reviewed and the cost of capital and the risks associated with capital are considered. In addition, capital is managed properly to ensure continuing as a going concern while maximizing the return through the optimization of the debt and equity balance.

b) Currency risk:

- Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- The risk arises on certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year.
- Certain procedures to manage the exchange rate risk exposure are maintained.
- Most of foreign currency transactions are in USD, and JD exchange rate is fixed against USD.

c) **Interest rate risk:**

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- The risk arises on exposure to a fluctuation in market interest rates resulting from borrowings and depositing in banks.
- The risk is managed by maintaining an appropriate mix between fixed and floating interest rates balances during the financial year.
- The following table shows the sensitivity of profit or loss and equity to changes in interest rates received by the entity on its deposits with banks and on interest rates paid by the entity on borrowing from the banks:

As of December 31, 2019	Change in interest		Effect on profit (loss) and equity
	%		JD
Loan	0.5	±	1,810

d) **Other price risk:**

- Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- The risk arises from investing in equity investments.
- The following table shows the sensitivity to profit or loss and equity to the changes in the listed prices of investments in equity instruments, assuming no changes to the rest of other variables:

As of December 31, 2019	Change in price		Effect on profit (loss) and equity
	%		JD
Financial assets at fair value through profit or loss	5	±	1,140

As of December 31, 2018	Change in price		Effect on profit (loss) and equity
	%		JD
Financial assets at fair value through profit or loss	5	±	1,350

e) **Credit risk:**

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Regularly, the credit ratings of debtors and the volume of transactions with those debtors during the year are monitored.
- Ongoing credit evaluation is performed on the financial condition of debtors, also adequate provisions for doubtful receivables is taken.
- The carrying amount of financial assets recorded in the financial statements represents the - maximum exposure to credit risk without taking into account the value of any collateral obtained.

f) **Liquidity risk:**

- Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.
- Liquidity risk is managed through monitoring cash flows and matching with maturity dates of the financial assets and liabilities.

- The following table shows the maturity dates of financial assets and liabilities as of December 31:

	Less than a year		More than a year	
Description	2019	2018	2019	2018
Assets	JD	JD	JD	JD
Aragen Biotechnology Co. receivable	1,450,000	1,200,000	600,000	1,800,000
Financial assets at fair value through profit or loss	22,800	27,000	-	-
Other debit balances	60,092	44,569	-	-
Cash and cash equivalents	270,931	265,777	-	-
Total	1,803,823	1,537,346	600,000	1,800,000
Liabilities				
Loan	216,000	216,000	145,965	361,965
Other credit balances	187,811	92,534	-	-
Trade payables	207,786	-	-	-
Total	611,597	308,534	145,965	361,965

22. Financial statements for the subsidiary

The consolidated financial statements includes the financial statement of Rawat Amoun for Tourism Investments (subsidiary) and it is as follows:

Paid capital	Percentage of ownership	Total assets	Total liabilities	Accumulated losses
JD	%	JD	JD	JD
150,000	100	5,795,577	5,907,123	(261,546)

23. Fair value of financial instruments

- The entity shall classify measuring fair value methods using fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy of fair value of financial instruments have the following levels:
- Level 1: listed prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs rather than prices listed in level 1 and observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: inputs for the asset or liability is not based on comparable market data that can be observed (non-observable inputs).

As December 31, 2019	Levels	
	1	Total
Financial assets	JD	JD
Financial assets at fair value through profit or loss	22,800	22,800

24. Reclassification

Some of 2018 balances has been reclassified to make them align with the classification used in 2019.

- The following table shows the maturity dates of financial assets and liabilities as of December 31:

Description	Less than a year		More than a year	
	2019	2018	2019	2018
Assets	JD	JD	JD	JD
Aragen Biotechnology Co. receivable	1,450,000	1,200,000	600,000	1,800,000
Financial assets at fair value through profit or loss	22,800	27,000	-	-
Other debit balances	60,092	44,569	-	-
Cash and cash equivalents	270,931	265,777	-	-
Total	1,803,823	1,537,346	600,000	1,800,000
Liabilities				
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As December 31, 2019	Levels	
	1	Total
Financial assets	JD	JD
Financial assets at fair value through profit or loss	22,800	22,800

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Some of 2018 balances has been reclassified to make them align with the classification used in 2019.