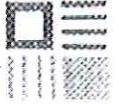


للاستثمار

بورصة عمان
الديوان
الديوان

شركة الضمان للاستثمار الساهمة العامة المحدودة



Form No. (1-2)

نموذج رقم (2-1)

Date: 17/6/2020

Ref. : 200/2020

To: Messrs Jordan Securities Commission
Messrs Amman Stock Exchange

Subject: English Audited Financial
Statements for the fiscal year
ended 31/12/2019.

Greet and Respect,

Attached the English Audited Financial
Statements of Al-Daman for Investments
(P.L.C) for the fiscal year ended 31/12/2019.

Kindly accept our high respect.

Al-Daman For Investments
(P.L.C)

التاريخ: 2020/6/17

الرقم: 2020/200

السادة هيئة الأوراق المالية المحترمين
السادة بورصة عمان

الموضوع: البيانات المالية السنوية المدققة للسنة
المنتهية في 2019/12/31 باللغة الانجليزية

تحية طيبة..

مرفق طيه نسخة من البيانات المالية المدققة لشركة
الضمان للاستثمار (م.ع.م) عن السنة المالية المنتهية في
2019/12/31 باللغة الانجليزية

وتفضلوا بقبول فائق الاحترام...

شركة الضمان للاستثمار
السادة العامة المحدودة

هناك الحوراني/ ضابط ارتباط الحوكمة

هيئة الأوراق المالية
الدائرة الإدارية / الديوان

١٨ حزيران ٢٠٢٠

الرقم التسلسل ٢٦١٥

الجهة المختصة ١٨٤٠

AL-DAMAN FOR INVESTMENTS COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

Al Daman for Investment Company- Public Shareholding Company

Amman Jordan

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Item 1: 1. Revenue recognition	
Disclosures related to revenues are disclosed in note (17) to the financial statements	
Key Audit Item	How the key audit matter was addressed in the audit
The Company owns real estate properties in Aqaba and generates revenue from its rental amounted to JD 395,670 for the year ended 31 December 2019. In addition, the Company holds an ownership of approximately 26.03% in an associate "Al-Shark for Projects Investment" and the share of income recognized from the associate is significant to the Company's income statement, which amounted to JD 84,421 for the year ended 31 December 2019 and represent 62% from net profit. Revenues are mainly generated from rental income and share of profit from associate accordingly this area was considered as a key audit area in our audit.	Our audit procedures included, amongst others, considering the appropriateness of the Company's revenue recognition accounting policies and assessing compliance with the policies in terms of applicable accounting standards. We reviewed rent contracts during the year and reviewed the recording procedures. In addition, we obtained the audited financial statements of the associate as of 31 December 2019 and reviewed the implementation of the equity method related to the associate including the recalculation of the share of profit. Refer to note 5 to the financial statements for the significant accounting policies related to revenue. Refer to note 17 to the financial statements for the rental revenue related disclosure and to note 9 for the revenue from associate related disclosure.

Other information included in the Company's 2019 annual report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Amman – Jordan
1 March 2020



AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 JD	2018 JD
<u>ASSETS</u>			
NON-CURRENT ASSETS -			
Property and equipment	6	30,222	19,922
Investments properties	7	2,153,923	2,190,469
Right of use asset	3	1,428,984	-
Projects in progress	8	32,144	42,178
Investments in an associate	9	5,393,961	5,511,942
Financial assets at fair value through other comprehensive income	10	223,414	224,725
		<u>9,262,648</u>	<u>7,989,236</u>
CURRENT ASSETS -			
Checks and bills under collection, net	11	54,840	41,109
Accounts receivable, net	12	74,721	205,814
Other current assets	13	168,065	178,968
Cash and bank balances	14	2,739,230	2,432,318
		<u>3,036,856</u>	<u>2,858,209</u>
TOTAL ASSETS		<u><u>12,299,504</u></u>	<u><u>10,847,445</u></u>
<u>EQUITY AND LIABILITIES</u>			
SHAREHOLDERS' EQUITY -			
Share capital	15	10,000,000	10,000,000
Statutory reserve	15	376,448	362,735
Voluntary reserve	15	64,164	64,164
Fair value reserve		(45,822)	(44,511)
Company's share of fair value reserve of an associate		(165,708)	(171,511)
Retained earnings		414,835	491,417
NET EQUITY		<u><u>10,643,917</u></u>	<u><u>10,702,294</u></u>
LIABILITIES-			
NON - CURRENT LIABILITIES -			
Lease liabilities	3	1,428,271	-
		<u>1,428,271</u>	<u>-</u>
CURRENT LIABILITIES -			
Other current liabilities	16	158,240	145,151
Lease liabilities	3	69,076	-
		<u>227,316</u>	<u>145,151</u>
TOTAL LIABILITIES		<u><u>1,655,587</u></u>	<u><u>145,151</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>12,299,504</u></u>	<u><u>10,847,445</u></u>

The attached notes from 1 to 31 form part of these financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 JD	2018 JD
Operating revenues	17	482,960	469,285
Operating expenses	18	(280,803)	(387,541)
Operating profit		202,157	81,744
Bank interest revenues		151,064	134,433
Dividends income		12,805	11,650
Administrative expenses - Amman	19	(63,006)	(61,881)
Administrative expenses - Aqaba	20	(112,040)	(110,465)
Finance costs – Lease liabilities	3	(145,176)	-
Reversal of provision for expected credit losses	11,12	313	15,135
Share of profit from an associate	9	84,421	243,985
Other revenues	23	6,593	18,890
Profit before income tax		137,131	333,491
Income tax expense	21	-	-
Profit for the year		137,131	333,491
		JD/Fils	JD/Fils
Basic and diluted earnings per share	22	0/014	0/033

The attached notes from 1 to 31 form part of these financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	JD	JD
Profit for the year	137,131	333,491
Add: Other comprehensive income items after tax not to be realized in profit or loss subsequently		
Changes in fair value	(1,311)	(27,719)
Changes in fair value of financial assets of an associate	5,803	2,972
Total comprehensive income for the year	141,623	308,744

The attached notes from 1 to 31 form part of these financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Statutory reserve	Voluntary reserve	Fair value reserve	Company's share of fair value reserve of an associate	Retained earnings*	Total
	JD	JD	JD	JD	JD	JD	JD
2019 -							
Balance as at 1 January 2019	10,000,000	362,735	64,164	(44,511)	(171,511)	491,417	10,702,294
Profit for the year	-	-	-	-	-	137,131	137,131
Changes in fair value	-	-	-	(1,311)	-	-	(1,311)
Changes in fair value of financial assets through other comprehensive income of an associate	-	-	-	-	5,803	-	5,803
Total comprehensive Income for the year	-	-	-	(1,311)	5,803	137,131	141,623
Transfers to statutory reserve	-	13,713	-	-	-	(13,713)	-
Dividends distributed (note 28)	-	-	-	-	-	(200,000)	(200,000)
Balance as at 31 December 2019	10,000,000	376,448	64,164	(45,822)	(165,708)	414,835	10,643,917

* An amount of JD 211,530 is restricted from the retained earnings, which represents the negative balance of fair value reserves for the Company and the Company's share from the fair value reserve of the associate.

The attached notes from 1 to 31 form part of these financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Statutory reserve	Voluntary reserve	Fair value reserve	Company's share of fair value reserve of an associate			Total
	JD	JD	JD	JD	JD	JD	JD	JD
2018 -								
Balance as at 1 January 2018	10,000,000	329,386	64,164	(16,792)	(174,483)	591,275	10,793,550	
Profit for the year	-	-	-	-	-	333,491	333,491	
Changes in fair value of financial assets through other comprehensive income	-	-	-	(27,719)	-	-	(27,719)	
Changes in fair value of financial assets through other comprehensive income of an associate	-	-	-	-	2,972	-	2,972	
Total comprehensive Income for the year	-	-	-	(27,719)	2,972	333,491	308,744	
Transfers to statutory reserve	-	33,349	-	-	-	(33,349)	-	
Dividends distributed (note 28)	-	-	-	-	-	(400,000)	(400,000)	
Balance as at 31 December 2018	10,000,000	362,735	64,164	(44,511)	(171,511)	491,417	10,702,294	

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

The attached notes from 1 to 31 form part of these financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>Notes</u>	<u>2019</u> JD	<u>2018</u> JD
<u>OPERATING ACTIVITIES</u>			
Profit for the year before income tax		137,131	333,491
Adjustments -			
Depreciation	6,7	72,600	69,232
Impairment of right of use assets	3	31,270	-
Reversal of provision for expected credit loss	11,12	(313)	(15,135)
Gain on sales of property and equipment	23	(6,511)	-
Share of profit of an associate	9	(84,421)	(243,985)
Bank interest revenues		(151,064)	(134,433)
Dividends income		(12,805)	(11,650)
Lease liability finance costs	3	145,176	-
Release from income tax provision	21	-	(11,407)
Inventory provision		-	240
Refunds from income tax deposits	21	-	(3,156)
Working capital changes:			
Accounts receivable and other current assets		143,620	(146,172)
Checks and bills under collection		(13,731)	141,013
Other current liabilities		13,089	(25,217)
Income tax paid	21	-	(1,038)
Net cash flows from (used in) operating activities		<u>274,041</u>	<u>(48,217)</u>
<u>INVESTING ACTIVITIES</u>			
Deposits maturing within a period of more than 3 months	14	(226,137)	(64,523)
Purchases of property and equipment	6	(18,551)	(7,555)
Purchases of investments properties	7	(11,091)	(23,795)
Project in progress	8	(6,678)	(23,562)
Dividends received from an associate	9	208,205	208,208
Bank interest received		141,253	117,351
Dividends income received		12,805	11,650
Gain on sale of property and equipment		6,511	-
Net cash flows used in investing activities		<u>106,317</u>	<u>217,774</u>
<u>FINANCING ACTIVITY</u>			
Dividends paid		(200,000)	(400,000)
Lease liability payment		(99,583)	-
Net cash flows used in financing activity		<u>(299,583)</u>	<u>(400,000)</u>
Net increase (decrease) in cash and cash equivalents		80,775	(230,443)
Cash and cash equivalents at the beginning of the year		12,289	242,732
Cash and cash equivalents At the end of the year	14	<u>93,064</u>	<u>12,289</u>

The attached notes from 1 to 31 form part of these financial statements

(1) GENERAL

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

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

The financial statements were authorized for issuance by the Board of Directors in their meeting held on 25 February 2020 and subject to the approval of the Company's General Assembly.

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

(2) BASIS OF PREPARATION FINANCIAL STATEMENTS

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

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

(3) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018 except for that the Company adopted these changes starting from 1 January 2019:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year financial statements were not restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

Impact on the statement of financial position (increase/(decrease)) as at 1 January 2019:

	JD
Assets	
Right of use assets	1,460,254
Prepayments	(8,500)
Total Assets	<u>1,451,754</u>
Non-current Liabilities	
Lease liabilities	<u>(1,451,754)</u>
Total adjustment on equity	<u><u>-</u></u>

a) Nature of the effect of adoption of IFRS 16

The Company has lease contracts for various items of plant, equipment. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

• ***Leases previously classified as finance leases***

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 was applied to these leases from 1 January 2019.

• ***Leases previously accounted for as operating leases***

The Company recognised right-of-use assets and operating lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	JD
Operating lease commitments as at 31 December 2018	31,929,599
Weighted average incremental borrowing rate as at 1 January 2019	10%
Discounted operating lease commitments at 1 January 2019	<u>1,451,754</u>
Lease liabilities as at 1 January 2019	<u><u>1,451,754</u></u>

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

b) Amounts recognised in the statement of financial position and profit or loss:

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the year:

	Right of use assets Lands and office	Lease Liabilities*
	JD	JD
At 1 January 2019	1,451,754	1,451,754
Prepayments	8,500	-
Depreciation	(31,270)	-
Finance costs	-	145,176
Payments	-	(99,583)
At 31 December 2019	<u>1,428,984</u>	<u>1,497,347</u>

* Lease liabilities details as at 31 December 2019 are as follows:

Short term	Long term	Total
JD	JD	JD
<u>69,076</u>	<u>1,428,271</u>	<u>1,497,347</u>

The Impact on the statement of profit or loss (increase/(decrease)) for the year ended 31 December 2019 is as follows: :

	2019
	JD
Cost of revenues	(67,142)
Administrative expenses	(1,172)
Finance costs	145,176
Profit for the year	<u>76,862</u>

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

The Impact on the statement of cash flows (increase/(decrease)) for the year ended 31 December 2019 is as follows:

	2019 JD
Operating lease payments	31,270
Interest paid	145,176
Net cash flows used in operating activities	176,446
Payments of lease obligations	(99,583)
Net cash flows used in financing activities	(99,583)

c) Refer to note (5) for the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Interpretation did not have an impact on the Company's financial statements.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

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

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

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

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

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

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

(4) USE OF ESTIMATES

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

(5) SIGNIFICANT ACCOUNTING POLICES

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets using annual percentages as follows:

	<u>%</u>
Vehicles	15
Office equipment	15 – 25
Furniture and Fixtures	9 – 15
Machinery and Equipment	15
Advertisement signs	15
Tools and Cinema equipment	10 - 20

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount and impairment loss is presented in the statement of profit or loss.

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

Investment in properties

Investment in properties is stated at cost less accumulated depreciation and any impairment provision. Investment in properties is depreciated using the straight line method over the useful life of the properties and annual rate as below:

	%
Buildings	2
Projects lakes	2
Electro mechanical	9

Investment in an associate

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

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

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

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Group/Company/Bank applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

Financial assets at fair value through other comprehensive income

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

Accounts receivable

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

Cash and cash equivalents

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

Fair value

The Company evaluates its financial instruments such as financial assets at fair value through other comprehensive income at the date of the financial statements. Also, the fair value of financial instruments is disclosed in (Note 26).

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

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

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

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

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

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

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

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

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

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

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

Accounts payable and accruals

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

Provisions

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

Revenues and expenses recognition

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

Revenue is recognized based on the new IFRS 15 as the standard establishes a five-step model to account for revenue arising from contracts with customers. The Company has concluded that revenue from rendering of services should be recognised over the period of time as the customer receives and consumes the benefits provided by the Company.

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

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

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

Foreign currency

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

Income Tax

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

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

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(6) PROPERTY AND EQUIPMENT

2019 -	Vehicles		Office Equipment		Furniture and Fixtures		Machinery and Equipment		Advertising Signs		Tools and Cinema Equipment		Total	
	JD		JD		JD		JD		JD		JD		JD	
Cost -														
Balance as at 1 January 2019	54,036		112,799		123,811		101,835		1,290		733,692		1,127,463	
Additions	-		5,521		1,400		11,630		-		-		18,551	
Disposals	(38,258)		-		-		-		-		-		(38,258)	
Balance as at 31 December 2019	15,778		118,320		125,211		113,465		1,290		733,692		1,107,756	
Accumulated depreciation -														
Balance as at January 2019	54,036		102,489		117,492		99,071		761		733,692		1,107,541	
Depreciation for the year	-		4,924		771		2,362		194		-		8,251	
Disposals	(38,258)		-		-		-		-		-		(38,258)	
Balance as at 31 December 2019	15,778		107,413		118,263		101,433		955		733,692		1,077,534	
Net book value -														
As at 31 December 2019	-		10,907		6,948		12,032		335		-		30,222	

* The cost of fully depreciated items in property and equipment is JD 1,083,907 as of 31 December 2019 (2018: JD 1,083,851).

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

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(7) INVESTMENTS PROPERTIES

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

2019 -	Buildings*	Project's lakes	Electro mechanical	Total
	JD	JD	JD	JD
Cost -				
Balance as at 1 January 2019	2,785,196	253,324	1,050,951	4,089,471
Additions	1,600	-	9,491	11,091
Transferred from project in progress (note 8)	-	-	16,712	16,712
Balance as at 31 December 2019	2,786,796	253,324	1,077,154	4,117,274
Accumulated depreciation -				
Balance as at 1 January 2019	821,425	36,110	1,041,467	1,899,002
Depreciation for the year	55,731	5,066	3,552	64,349
Balance as at 31 December 2019	877,156	41,176	1,045,019	1,963,351
Net book value as at 31 December 2019	1,909,640	212,148	32,135	2,153,923
2018 -				
Cost -				
Balance as at 1 January 2018	2,780,654	234,181	1,050,841	4,065,676
Additions	4,542	19,143	110	23,795
Balance as at 31 December 2018	2,785,196	253,324	1,050,951	4,089,471
Accumulated depreciation -				
Balance as at 1 January 2018	765,805	31,278	1,040,078	1,837,161
Depreciation for the year	55,620	4,832	1,389	61,841
Balance as at 31 December 2018	821,425	36,110	1,041,467	1,899,002
Net book value as at 31 December 2018	1,963,771	217,214	9,484	2,190,469

* The fair value of the investment properties is estimated, by a real estate appraiser as at 31 December 2019 at JD 2,370,538.

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(8) PROJECT IN PROGRESS

This item represents Aqaba Gateway rehabilitation and development project. The movement on the projects in progress is as follows:

	Balance as at 1 January	Additions	Transfers to investment properties	Balance as at 31 December
	JD	JD	JD	JD
2019-	42,178	6,678	(16,712)	32,144
2018-	18,616	23,562	-	42,178

(9) INVESTMENT IN AN ASSOCIATE

This item represents the Company's share in Al-Sharq for projects investments PLC. – Movenpick Amman 26.03% as of 31 December 2019 (2018: 26.03%), the Company owns 4,164,153 shares as of 31 December 2019 (2018: 4,164,153 shares) from the capital of Al-Sharq for investment projects PLC with a market value of JD 10,372,099 as of 31 December 2019 (2018: JD 9,410,986).

Movement on this item as follows:

	2019	2018
	JD	JD
At 1 January	5,511,942	5,473,193
Share of profit from an associate	84,421	243,985
Share of the change in fair value reserve of financial assets of an associate	5,803	2,972
Dividends distributed	(208,205)	(208,208)
At 31 December	5,393,961	5,511,942

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

	2019	2018
	JD	JD
Current assets	1,735,837	4,182,641
Non-current assets	19,968,469	17,612,273
Current liabilities	(1,116,432)	(946,148)
Non-current liabilities	(237,035)	-
Equity	20,350,839	20,848,766
Percentage of the Company's ownership	26,03%	26,03%
Carrying amount of the investment	5,393,961	5,511,942
Operating revenues	5,593,517	5,888,599
Operating costs	(1,941,906)	(1,798,257)
Administrative, maintenance, marketing and depreciation expenses	(3,337,442)	(3,028,429)
Other revenues	102,172	101,240
Profit for the year before tax	416,341	1,163,153
Income tax expense	(91,968)	(225,685)
Profit for the year	324,373	937,468
Company's share of profit for the year	84,421	243,985

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

	2019	2018
	JD	JD
Investments in quoted shares	223,414	224,725

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(11) CHECKS AND BILLS UNDER COLLECTION

	2019	2018
	JD	JD
Checks and bills under collection	86,115	52,847
Less: Provision for expected credit losses	(31,275)	(11,738)
	<u>54,840</u>	<u>41,109</u>

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

	2019	2018
	JD	JD
At 1 January	11,738	28,131
Reversed during the year	-	(16,393)
Transferred from expected credit loss accounts receivable (note 12)	19,537	-
At 31 December	<u>31,275</u>	<u>11,738</u>

(12) ACCOUNTS RECEIVABLE

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

	2019	2018
	JD	JD
Accounts receivable	182,331	333,274
Less: Provision for expected credit losses	(107,610)	(127,460)
	<u>74,721</u>	<u>205,814</u>

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

	2019	2018
	JD	JD
At 1 January	127,460	126,202
(Reversed) provision during the year	(313)	1,258
Transferred to expected credit loss checks and bills under collection (note 11)	(19,537)	-
At 31 December	<u>107,610</u>	<u>127,460</u>

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As at 31 December, the aging of not impaired accounts receivable is as follows:

	Past due but not impaired			Total
	1 – 90	91 – 180	181 – 270	
	days	days	days	
	JD	JD	JD	JD
2019	62,547	12,174	-	74,721
2018	120,818	51,770	33,226	205,814

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

(13) OTHER CURRENT ASSETS

	2019	2018
	JD	JD
Accrued and uncollected Interest	115,982	106,171
Prepaid expenses	3,329	34,062
Refundable deposits	640	640
Income tax deposit	47,111	37,234
Others	1,003	861
	<u>168,065</u>	<u>178,968</u>

(14) CASH AND BANK BALANCES

	2019	2018
	JD	JD
Cash on hand	-	60
Cash at banks	93,064	12,229
Cash and cash equivalents	93,064	12,289
Deposits maturing within a period of more than 3 months up to one year*	2,646,166	2,420,029
	<u>2,739,230</u>	<u>2,432,318</u>

* For the year ended 31 December 2019, deposits at banks earned interest at a rate ranging between 5.25% and 6.25% (2018: 1.25% and 5.75%). Deposits are held for a period between one month and one year.

(15) EQUITY

SHARE IN CAPITAL

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

STATUTORY RESERVE

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

VOLUNTARY RESERVE

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

(16) OTHER CURRENT LIABILITIES

	<u>2019</u>	<u>2018</u>
	JD	JD
Deferred income	114,436	93,534
Accrued expenses	19,117	29,642
Board of directors bonus provision	18,000	18,000
Employees bonus provision	3,000	3,000
Shareholders deposits	3,687	975
	<u>158,240</u>	<u>145,151</u>

(17) OPERATING REVENUES

	<u>2019</u>	<u>2018</u>
	JD	JD
Rent and services	395,670	388,250
Company's share from shops' sales	87,290	81,035
	<u>482,960</u>	<u>469,285</u>

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(18) OPERATING EXPENSES

	2019 JD	2018 JD
Salaries and wages	95,710	83,584
Company contribution in Social Security	13,194	11,948
Land rent	-	84,214
Depreciation	71,385	68,053
Employee bonuses	3,658	7,250
Amortization of right of use of leased land	20,442	-
Advertisement and marketing	660	1,125
Electricity and water	31,637	43,911
Hospitality	872	1,315
Postage and telephone	2,382	2,067
Travel and transportation	8,897	7,906
Maintenance	6,110	19,616
Cleaning	985	1,244
Employee health insurance	2,973	3,128
Aqaba Gateway project insurance	1,884	1,905
Licenses and Governmental fees	7,507	33,363
Vehicles and fuels expenses	2,001	2,472
Others	10,506	14,440
	<u>280,803</u>	<u>387,541</u>

(19) ADMINISTRATIVE EXPENSES - AMMAN

	2019 JD	2018 JD
Salaries and wages	27,015	25,683
Company contribution in Social Security	2,564	2,181
Amortization of right of use of leased office	10,828	-
Employees vacations allowance and bonuses	1,142	1,100
Office rent	-	12,000
Depreciation of property and equipment	1,215	1,179
Telephone	1,837	1,750
Water and electricity	2,206	1,477
Licenses and subscriptions	12,593	12,755
Employees health Insurance	1,050	1,072
Others	2,556	2,684
	<u>63,006</u>	<u>61,881</u>

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(20) ADMINISTRATIVE EXPENSES - AQABA

	2019	2018
	JD	JD
Board of directors' transportation allowances	54,000	54,000
Board of directors' remunerations	14,250	9,750
Board of directors' bonuses	18,000	18,000
Professional and consultation fees	25,190	27,280
Bank charges	600	1,435
	<u>112,040</u>	<u>110,465</u>

(21) INCOME TAX

Movement on the income tax provision is as follows:

	2019	2018
	JD	JD
Beginning Balance	-	15,601
Income Tax paid	-	(1,038)
Refunds from income tax deposits	-	(3,156)
Release from income tax provision	-	(11,407)
Ending Balance	<u>-</u>	<u>-</u>

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

	2019	2018
	JD	JD
Accounting Profit	137,131	333,491
Add: Non-taxable expenses	130,294	54,963
Less: written-off debt in allowance	-	-
Less: Non-taxable revenue	(97,226)	(282,178)
Adjusted profit	<u>170,199</u>	<u>106,276</u>
Less: Prior year losses	(170,199)	(106,276)
Taxable loss	<u>-</u>	<u>-</u>
Income Tax	<u>-</u>	<u>-</u>
Legal income tax rate	<u>5 - 20%</u>	<u>5 - 20%</u>

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No provision for income tax was calculated for the years ended 2019 and 2018 due to the accumulated losses from prior year in accordance with the Income Tax Law No. (38) of 2018 and (34) of 2014 respectively.

The Company reached a final settlement with the Income and Sales Tax Department for its operations in Amman up to the year 2018 except for 2017. The Company submitted its tax declaration for the year 2017, which have not been reviewed by the Income Tax Department as at the financial statements preparation date.

The Company reached to a final settlement with the income and sales tax department for its operations in Aqaba up to the year 2016.

The Company submitted its tax declarations for its operation in Aqaba for the years 2017 and 2018. The Income and Sales Tax Department has not reviewed the accounting records of the company as at the financial statements preparation date.

(22) BASIC AND DILUTED EARNINGS PER SHARE

	<u>2019</u>	<u>2018</u>
Profit for the year (JD)	137,131	333,491
Weighted average for number of shares (Share)	10,000,000	10,000,000
	<u>JD/ Fils</u>	<u>JD/ Fils</u>
Basic and diluted earnings per share (JD)	<u>0/014</u>	<u>0/033</u>

(23) OTHER REVENUES

	<u>2019</u>	<u>2018</u>
	<u>JD</u>	<u>JD</u>
Revenue from sale of property and equipment	6,511	-
Release from the income tax provision not utilized	-	11,407
Others*	82	7,483
	<u>6,593</u>	<u>18,890</u>

(24) RELATED PARTY TRANSACTIONS

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

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

	<u>2019</u>	<u>2018</u>
	JD	JD
Statement of Financial Position items:		
<u>Bank Deposits</u>		
Arab Bank*	-	7,874
Cairo Amman Bank*	-	519,674
Union Bank*	2,646,166	1,710,590
Housing Bank for Trade and Finance*	-	3,794
Statement of Profit or Loss items:		
Bank interest revenue**	149,606	126,120
Social Security contribution – company's share	3,616	14,130
Salaries and wages of executives	25,378	21,003
Board of directors transportation allowance	54,000	54,000
Travel and transportation expenses	2,400	7,906
Board of directors remuneration	14,250	9,750
Board of directors bonuses	18,000	18,000

* Board of Directors member.

** Bank interest revenue represents revenues on bank deposits held at banks representative in the Board of Directors.

(25) CONTINGENCIES

Letters of guarantees -

At 31 December 2019, the Company had outstanding letters of performance guarantee bond issued to the civil defense amounting to JD 5,000 (2018: JD 5,000).

(26) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

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

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

(27) CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the current year and previous year.

Capital comprises of the net of share capital, reserves, and retained earnings and is measured at JD 10,643,917 as at 31 December 2019 (2018: JD 10,702,294).

(28) DIVIDENDS DISTRIBUTED

On 28 April 2019, the Company distributed declared dividends to the shareholders for the year of 2018, equal to 2% of authorized capital, which amounts to JD 200,000 (2018: JD 400,000).

(29) RISK MANAGEMENT

Interest rate risk

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

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

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

	<i>Increase in basis points</i>	<i>Effect on profit of the year</i>
	<i>points</i>	<i>JD</i>
2019 -		
Currency -		
Jordanian Dinar	100	26,462
2018 -		
Currency -		
Jordanian Dinar	100	24,200

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

Change in shares price risk -

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

	<i>Change in Index</i>	<i>Effect on OCI</i>
		<i>JD</i>
2019 -		
Indicator		
Amman stock exchange	5%	11,171
2018 -		
Indicator		
Amman stock exchange	5%	11,236

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

Credit risk -

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

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

The Company has made investment contracts and rental contracts with a limited number of clients largest 3 customers represent a percentage of 58% of accounts receivable as of 31 December 2019 (2018: 40%)

Liquidity risk -

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

The following table demonstrates the of interest bearing liabilities as of 31 December 2019:

	Less than one year	From 1 to 5 years	More than 5 years	Total
	JD	JD	JD	JD
As of 31 December 2019				
Lease Liabilities	103,084	513,084	31,213,848	31,830,016
Total	103,084	513,084	31,213,848	31,830,016

The company is not exposed to liquidity risk for the year ended 31 December 2018 as all of the Company's financial liabilities are due within one year.

Currency risk -

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

(30) SEGMENT INFORMATION

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

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

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

	Amman	Special economic zone	Total
	JD	JD	JD
2019 -			
Operating revenues	-	482,960	482,960
Operating expenses	-	(280,803)	(280,803)
Share of profit from an associate	84,421	-	84,421
Administrative expenses - Amman	(63,006)	-	(63,006)
Administrative expenses – Aqaba	-	(112,040)	(112,040)
Reversal of provision for expected credit losses	-	313	313
Dividends distribution	12,805	-	12,805
Bank interest revenue and other revenue	-	157,657	157,657
Finance cost	(2,083)	(143,093)	(145,176)
PROFIT BEFORE INCOME TAX	32,137	104,994	137,131
	Amman	Special economic zone	Total
	JD	JD	JD
2018 -			
Operating revenues	-	469,285	469,285
Operating expenses	-	(387,541)	(387,541)
Share of profit from an associate	243,985	-	243,985
Administrative expenses - Amman	(61,881)	-	(61,881)
Administrative expenses – Aqaba	-	(110,465)	(110,465)
Reversal of provision for expected credit losses	-	15,135	15,135
Dividends distribution	11,650	-	11,650
Bank interest revenue and other revenue	11,407	141,916	153,323
PROFIT BEFORE INCOME TAX	205,161	128,330	333,491

(31) STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 17 Insurance Contracts

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

The new standard will be effective for annual periods beginning on or after 1 January 2021 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to Company.

Amendments to IFRS 3: Definition of a Business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of "Material"

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, '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, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR"). The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project.