



AI- SALHIAH
Investment & Real Estate Development

الصالحية للاستثمار والتطوير العقاري المساهمة العامة المحدودة
AI - Salhiah Investment & Real Estate Development P.L.C

بسم الله الرحمن الرحيم
الحمد لله رب العالمين
والصلاة والسلام على
سيدنا محمد وآله الطيبين
الطاهرين
أجمعين
أنا
المدير المالي
شركة الصالحية للاستثمار والتطوير العقاري
أشكر
السادة هيئة الأوراق المالية
المحترمين
على
التاريخ: 2020/10/1
الإشارة: ص/ 2020/45

التاريخ: 2020/10/1

الإشارة: ص/ 2020/45

السادة هيئة الأوراق المالية المحترمين

تحية طيبة وبعد،

نرفق لكم البيانات المالية لشركة الصالحية للاستثمار والتطوير العقاري كما هي في 2020/6/30.

وتفضلوا بقبول الاحترام،،،

شركة الصالحية للاستثمار والتطوير العقاري

المدير المالي / السيد
سر مجلس الإدارة



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AL SALHIA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT

PUBLIC SHAREHOLDING COMPANY

INTERIM FINANCIAL STATEMENTS

30 JUNE 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Al Salhia for Investment and Real Estate Development

Public Shareholding Company

Amman - Jordan

Opinion

We have audited the interim financial statements of Al Salhia for Investment and Real Estate Development Public Shareholding Company (the Company), which comprise the interim statement of financial position as at 30 June 2020, and the interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the six months period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying interim financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2020, and its financial performance and its cash flows for the period 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.

Material Uncertainty Related to Going Concern

We draw attention to Note (1) in the financial statements, the Company changed its name and objectives during the year 2017 in an effort to acquire operations and start generating revenues. However, the Company still did not initiate any new business activities up to the date of these interim financial statements. These events indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as going concern is dependent on starting its new activities. Our opinion is not modified in respect of this matter.

Other Matter

The presented comparative figures of the interim statement of comprehensive income, interim statement of changes in equity, interim statement of cash flows and the related notes for the six months period ended 30 June 2019 were not audited and audit opinion for the related period was not issued.

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 for the period ended 30 June 2020. Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

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 exist. 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.



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

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

Amman – Jordan
29 July 2020

Ernst + Young

**AL SALHIA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF FINANCIAL POSITION
As At 30 June 2020**

	<u>Notes</u>	<u>30 June 2020 JD</u>	<u>31 December 2019 JD</u>
<u>ASSETS</u>			
Non-Current assets -			
Property and equipment	6	2,393	2,555
Current Assets -			
Accounts receivable and other current assets	7	208,406	210,370
Cash on hand and at banks	8	334,814	369,535
		543,220	579,905
Total Assets		545,613	582,460
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Equity -			
Paid in capital	9	572,509	572,509
Statutory reserve		16,915	16,915
Accumulated losses		(129,718)	(84,448)
Total Equity		459,706	504,976
Current liabilities -			
Accounts payable and other current liabilities	10	85,907	77,484
Total liabilities		85,907	77,484
Total equity and liabilities		545,613	582,460

The attached notes from 1 to 21 form part of these interim financial statements

AL SALHIA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	<u>Notes</u>	For the six months ended in 30 June	
		2020	2019
		JD (Audited)	JD (Unaudited)
Murabaha income	12	4,240	6,163
Administrative expenses	13	(49,510)	(47,938)
Loss for the period		<u>(45,270)</u>	<u>(41,775)</u>
Add: Other comprehensive income		-	-
Total comprehensive income for the period		<u>(45,270)</u>	<u>(41,775)</u>
		<u>Fils/JD</u>	<u>Fils/JD</u>
Basic and Diluted loss per share	14	<u>(0/079)</u>	<u>(0/073)</u>

The attached notes from 1 to 21 form part of these interim financial statements

**AL SALHIA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Paid in capital	Statutory reserve	Accumulated losses	Total
	JD	JD	JD	JD
30 June 2020 (Audited) -				
Balance as of 1 January 2020	572,509	16,915	(84,448)	504,976
Total comprehensive income for the period	-	-	(45,270)	(45,270)
Balance as of 30 June 2020	572,509	16,915	(129,718)	459,706
30 June 2019 (Unaudited) -				
Balance as of 1 January 2019	572,509	16,915	(6,473)	582,951
Total comprehensive income for the period	-	-	(41,775)	(41,775)
Balance as of 30 June 2019	572,509	16,915	(48,248)	541,176

The attached notes from 1 to 21 form part of these interim financial statements

AL SALHIA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	For the six months ended 30 June	
	2020	2019
	JD	JD
	(Audited)	(Unaudited)
<u>OPERATING ACTIVITIES</u>		
Loss for the period	(45,270)	(41,775)
Adjustments for:		
Murabaha income	(4,240)	(6,163)
Depreciation	162	162
Working capital change		
Accounts receivable and other current assets	820	(10,265)
Accounts payable and other current liabilities	8,423	2,314
Net cash flows used in operating activities	(40,105)	(55,727)
<u>INVESTING ACTIVITIES</u>		
Murabaha Income Received	5,384	6,163
Net cash flows from investing activities	5,384	6,163
Net decrease in cash and cash equivalents	(34,721)	(49,564)
Cash and cash equivalent at the beginning of the period	369,535	449,446
Cash and cash equivalent at the end of the period	334,814	399,882

The attached notes from 1 to 21 form part of these interim financial statements

**AL SALHIA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2020 (AUDITED)**

(1) GENERAL

Al Salhia for Investment and Real Estate Development (previously Al Kindi for Pharmaceutical Industries) was established as a public shareholding company during 1997, The Company's main objectives are producing medical, chemical, pharmaceutical products and cultivation of medicinal plants

The General Assembly decided in its extraordinary meeting held on 4 June 2017 to change the Company's name to become Al Barsha'a for Investment and Real Estate Development Company, and to change the Company's objectives to become investing in real estate and development activities and projects, including, leasing, operating and developing the real estate. The name of the Company was changed to become Al Salhia for Investment and Real Estate Development (Public Shareholding Company) since there is a similar name, the procedures with the Ministry of Trade and Industry were completed on 14 August 2017.

In its extraordinary meeting held on 29 December 2016, the General Assembly approved the write off the Company's accumulated losses as of 31 December 2015 through the decrease in the Company's capital to become JD 572,509.

The General Assembly decided in its extraordinary meeting held on 28 April 2019 to change the legal status of the Company from a public shareholding company to a private shareholding company. The General Assembly decided in its extraordinary meeting held on 26 September 2019 to cease its decisions in its meeting held on 28 April 2019 and decided to change the legal status of the Company from public shareholding company to limited liability company. The legal procedures to fulfill this decision were not completed up to the date of these interim financial statements.

The Company in the process to start owning and developing land plots in accordance with studies and collaborations which are under progress. The Company still did not initiate any new business activities up to the date of these interim financial statements.

The Board of Directors approved the interim financial statements on 27 July 2020.

(2) BASIS OF PREPARATION

The interim financial statements were prepared as on 30 June 2020 in accordance with the international financial reporting standards and for the management purposes and changing its legal status as the General Assembly decided in its extraordinary meeting held on 26 September 2019 to change the legal status of the company to become a limited liability company.

The interim financial statements have been prepared under the historical cost convention.

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

(3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019 except for the adoption of new standards effective as of 1 January 2020 shown below:

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.

These amendments did not have any material effect on the Company's interim 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.

**AL SALHIAH INVESTMENT AND REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2020**

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. The Company has not early adopted the amendments and has concluded that the uncertainty arising from IBOR reform is not affecting its hedge relationships to the extent that the hedge relationships need to be discontinued. These amendments did not have any material effect on the Company's interim financial statements.

(4) USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

(5) SIGNIFICANT ACCOUNTING POLICIES

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 life of assets as follows:

Furniture and fixtures	10%
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The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where that the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

**AL SALHIAH INVESTMENT AND REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2020**

Trade receivables

Trade receivables are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made applying IFRS 9 simplified approach to calculate and record allowance for expected credit loss ECL on all its trade receivables. Trade receivables are written off when there is no probability for collecting it.

Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash at banks and on hand and short term deposits with an original maturity of three months or less.

Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence to record allowance for expected credit loss on a financial asset or a group of financial assets.

Impairment is determined based on lifetime expected credit losses through establishing a provision matrix that is based on the historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment is recognized as an allowance for expected credit loss in the income statement. If in a subsequent period, the amount of the impairment loss decreases, the income is recognized in the income statement.

Trade payables 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 a present obligation (legal or constructive) arising from a past event and the cost to settle the obligation is both probable and able to be reliably measured.

Revenue recognition

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 which includes that identification of the contracts and price, the performance obligation within the contract and that revenue is recognised when the company satisfies the performance obligation. Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for rendering of services to a customer over time as the customer simultaneously receives and consumes the benefits provided by the company.

Murabaha revenue is recognized on accrual basis.

Income tax

Taxes shall be calculated in accordance with the tax rates established under the laws, regulations and instructions in the Hashemite Kingdom of Jordan.

- Deferred taxes are the taxes expected to be paid or recovered as a result of temporary differences in time between the value of the assets or liabilities in the financial statements and the amount on which the taxable profit is calculated. Deferred taxes are calculated using the liability method and deferred taxes are calculated based on the tax rates expected to be applied when the tax liability is settled or the deferred tax asset is realized.

-The balance of deferred tax assets are reviewed at the balance sheet date and is reduced in the event that it is not probable that the tax asset will be utilized in part or in full.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for trading
- Expected to be realized within twelve months after the reporting period Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

**AL SALHIAH INVESTMENT AND REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2020**

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the statement of financial position date. All differences are taken to the income statement.

(6) PROPERTY AND EQUIPMENT

	Furniture and fixture JD	Total JD
2020 -		
Cost		
Balance as of 1 January 2020	3,257	3,257
Balance as of 30 June 2020	3,257	3,257
Accumulated depreciation		
Balance as of 1 January 2020	702	702
Depreciation for the period	162	162
Balance as of 30 June 2020	864	864
Net book value as of 30 June 2020	2,393	2,393
2019 -		
Cost		
Balance as of 1 January 2019	3,257	3,257
Balance as of 31 December 2019	3,257	3,257
Accumulated depreciation		
Balance as of 1 January 2019	378	378
Depreciation for the year	324	324
Balance as of 31 December 2019	702	702
Net book value as of 31 December 2019	2,555	2,555

AL SALHIAH INVESTMENT AND REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2020

(7) ACCOUNT RECEIVABLES AND OTHER CURRENT ASSETS

	2020	2019
	JD	JD
Sales tax receivable	189,252	189,252
Prepaid expenses	-	1,180
Accrued Murabaha income	1,456	2,600
Others	17,698	17,338
	<u>208,406</u>	<u>210,370</u>

(8) CASH ON HAND AND AT BANKS

	2020	2019
	JD	JD
Current accounts	9,753	9,395
Deposits*	324,000	360,000
Cash on hand	1,061	140
	<u>334,814</u>	<u>369,535</u>

*This item represents time deposits in Jordanian Dinars with maturity from one to three months and earns an annual Murabaha rate of 2.5% during the year 2020 (2019: 2.5%).

(9) SHAREHOLDERS EQUITY

Share Capital -

The Company's authorized and paid in capital is JD 572,509 divided into 572,509 shares at par value of JD 1 per share.

Statutory reserve -

The amounts accumulated in this account represent the transfers of 10% of the profit before tax in accordance with the Companies Law and is not available for distribution to shareholders.

AL SALHIAH INVESTMENT AND REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2020

(10) TRADE PAYABLE

	2020	2019
	JD	JD
Accounts payable	64,664	69,214
Accrued Expenses	16,320	8,270
Others	4,923	-
	<u>85,907</u>	<u>77,484</u>

(11) INCOME TAX

No provision for income tax was calculated for the periods ended 30 June 2020 and 30 June 2019 due to excess of taxable expenses over taxable income in accordance with Income Tax Law No (38) of 2019.

The legal tax percentage for the Company in accordance with the new income tax law No. (38) of 2018 effective on 1 January 2019 is 20% in addition to 1% for the national solidarity account .

The Company submitted its declarations for the years 2019 to 2018. The Income and Sales Tax Department has not reviewed the records until the date of these interim condensed financial statements.

The company reached final settlement with the Income and Sales Tax Department up to the year 2017.

(12) MURABAHA INCOME

This item represents Murabaha income earned on the Company's deposit with Jordanian banks. The Murabaha rate earned was 2.5% during 2020 (2019: 2.5%).

**AL SALHIAH INVESTMENT AND REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2020**

(13) ADMINISTRATIVE EXPENSES

	30 June 2020	30 June 2019
	JD	JD
	(Audited)	(Unaudited)
Salaries, wages and other benefits	8,100	8,100
Consulting and legal fees	23,490	23,490
Professional fees	11,750	9,000
Tax and subscriptions fees	2,779	3,587
Rent expense	1,650	1,650
Social Security contributions	384	384
Utilities expense	85	107
Advertising	230	301
Depreciation	162	162
Others	880	1,157
	<u>49,510</u>	<u>47,938</u>

(14) EARNING PER SHARE

	30 June 2020	30 June 2019
	JD	JD
	(Audited)	(Unaudited)
Basic share from loss for the period		
Loss for the period	(45,270)	(41,775)
Weighted average for shares	<u>572,509</u>	<u>572,509</u>
Basic share from loss for the period	<u>(0/079)</u>	<u>(0/073)</u>

The diluted share of the loss for the period is equal to the basic share of the loss for the period.

**AL SALHIAH INVESTMENT AND REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2020**

(15) RELATED PARTY TRANSACTIONS

Related parties represent major shareholders of senior executive management of the Company and the companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Company's management.

Balances with related parties included in the statement of financial position are as follows:

	<u>2020</u>	<u>2019</u>
	JD	JD
Accounts payable balance		
Due to Kuwait Finance House (shareholder)	<u>64,664</u>	<u>64,664</u>

The Company did not pay any benefits to its higher management and Board of Directors for the periods ended 30 June 2020 and 30 June 2019.

(16) RISK MANAGEMENT

Interest rate risk

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

The table below shows the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates as of 30 June 2020 and 31 December 2019, with all other variables held constant.

AL SALHIAH INVESTMENT AND REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2020

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the Company's results for one year and is calculated on the financial assets and liabilities bearing variable interest rate held at 30 June:

30 June 2020	Increase in interest rates	Effect on profit for the year
Currency	Basis points	JD
JD	+75	2,430
	Decrease in interest rates	Effect on profit for the year
Currency	Basis points	JD
JD	-75	(2,430)
31 December 2019	Increase in interest rates	Effect on profit for the year
Currency	Basis points	JD
JD	+75	2,700
	Decrease in interest rates	Effect on profit for the year
Currency	Basis points	JD
JD	-75	(2,700)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The company believes that it is not significantly exposed to credit risk as it establishes a credit ceiling for customers and monitors outstanding receivables on a continuous basis. The company seeks to limit its credit risk with respect to banks by only dealing with reputable banks.

**AL SALHIAH INVESTMENT AND REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2020**

Liquidity risk

Liquidity risk is the Company's inability to meet its obligations when due. The Company manages its assets and liabilities and their due dates and having sufficient cash balance to ensure that sufficient liquidity is available to meet its obligation when due.

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 30 June 2020 and 31 December 2019 based on contractual payment dates and current market interest rates:

	Less than 3 months	Total
	JD	JD
30 June 2020		
Accounts payable	64,664	64,664
Total	<u>64,664</u>	<u>64,664</u>
31 December 2019		
Accounts payable	69,214	69,214
Total	<u>69,214</u>	<u>69,214</u>

Currency risk

Most of the company's transactions are in Jordanian Dinars and US Dollars. The Jordanian Dinar is pegged to a fixed rate with the US dollar USD 1.41 for 1JD), accordingly, the Company is not exposed to significant currency risk.

(17) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash on hand and at banks, accounts receivable, and other current assets. Financial liabilities consist of accounts payable and other current liabilities.

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

(18) CONTINGENT LIABILITIES

The Company is a defendant in number of law suits by shareholders and the management and its legal advisor believe that no obligations may arise against these law suits.

(19) CAPITAL MANAGEMENT

The main objective of the Company's capital management is to ensure that adequate capital ratios are maintained in a manner that supports the Company's activity and maximizes equity.

The Company manages the capital structure and makes necessary adjustments in light of changes in working conditions. No changes were made in the objectives, policies and procedures during the current period and previous year.

Capital comprises of paid-in capital, accumulated losses, and statutory reserve and is measured at JD 459,706 as of 30 June 2020 and JD 504,976 as of 31 December 2019.

(20) STANDARDS AND INTERPRETATION 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 2023 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.

(21) RISK MANAGEMENT

The World Health Organization made an assessment during March 2020 that the outbreak of the coronavirus (COVID-19) can be characterized as a pandemic. This coronavirus outbreak has impacted the global economy and global markets due to the significant disruption in the global supply chain and customers' demand.

The size and duration of the developments of these events, as well as their impact on the financial position of the company, its financial performance and its cash flows are still uncertain as future developments cannot be accurately predicted at this stage and a reliable estimate cannot be made of their impact as of the date of these financial statements. Management is in the process of completing an assessment of the impact of these events on the Company's activities to take the necessary actions in accordance with the information available to the date of these interim financial statements. This evaluation includes the analysis of the risks to which the Company is exposed to as follows:

Credit risk

Credit risk is the risk that may result from the failure or inability of debtors or other parties to fulfil their obligations towards the Company. The Company believes that it is not significantly exposed to credit risk since the Company seeks to limit credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

Interest rate risk

Interest rate risk is the risk that results from the changes in market value or future cash flows of financial instruments as a result of changes in interest rate. The Company is exposed to interest rate risk on its interest bearing assets and liabilities such as bank deposits. The management believes that the effect of the risk of changes in interest rates as a result of the current events is not material to the interim financial statements.

Liquidity risk

The Company believes that it is not exposed to liquidity risk as a result of current events, as it has not affected the objectives, policies and procedures related to capital structure and can fulfill its financial obligations when they fall due.

Currency risk

Most of the Company's transactions are in the Jordanian Dinar and the US Dollar. The Jordanian Dinar is pegged to the USD Dollar (USD 1.41 for each 1 JD). Consequently, the effect of the risks of changes in currency rates as a result of the current events is not material to the interim financial statements.