AL TAJAMOUAT FOR TOURISTIC PROJECTS COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2019

Ernst & Young Jordan
P.O. Box 1140
300 King Abdulla Street
Amman 11118
Jordan
Tel:00962 6 580 0777 /00962 6552 6111
Fax:00962 6 5538 300
www.ey.com

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Al Tajamouat For Touristic Projects Company
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Tajamouat For Touristic Projects Company and its subsidiary (The Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.

1. Valuation of investment properties	
Key Audit Matter: Investment properties represents 91% of the Group's total assets as of 31 December 2019 (2018: 90%) accordingly it has been considered significant to our audit. Moreover, the valuation of the investment properties was significant to our audit due to the use of estimates in the valuation techniques, and that the valuation is highly judgmental and it is based on certain key assumptions. The key assumptions include prevailing market conditions which affect adopted value per square meter and growth rates, discount rates and the current economic environment. A small change in the Group's estimate of the discount rate could have a material impact on the income statement.	**How our audit addressed the key audit matter:** Our audit procedures focused on the valuation process and included the following: - discussed with the management the key assumptions and critical judgmental areas and understood the approaches taken by them in determining the valuation of investment property; - tested the integrity of information, including underlying financial information and, - assessed the reasonableness of the adopted value per square meter, and discount rate, growth rates assumptions by benchmarking the rates against specific property data, comparable and prior year's inputs. Further disclosures on the investment properties is disclosed in note (7) to the consolidated financial statements.

2. Allowance for expected credit losses, doubtful accounts and cheques under collection	
Key Audit Matter: Trade receivables and cheques under collection represents 42% of the Group's current assets. An estimated impairment allowance for expected credit losses, doubtful accounts and cheques under collection is recorded based on the management's judgement. Management evaluates the estimated impairment allowance based on specific reviews of customer accounts as well as experience with collection trends and historical default rates which is aligned to the requirements of IFRS 9. Management calculates the impairment allowance for expected credit losses, doubtful accounts and cheques under collection based on the available customer information that can provide significant change in the estimate between periods. There is a risk that inappropriate impairment provisions are booked, whether from the use of inaccurate underlying data, or the use of unreasonable assumptions including the determination as to whether the trade receivable and cheques under collection are collectable, as it involves management judgment due to specific reviews of customer accounts as well as experience with collection trends and the history of default. Management considers specific factors including the age of the balance, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of the tenant. Management uses this information to determine the ECL for its receivables and to determine whether a provision for impairment is required either for its cheques under collection or for the tenant's balance overall. We focused on this area since it requires a high level of management judgment as the completeness of expected credit losses, allowance doubtful accounts receivable and cheques under collection may have a significant impact on the Group's profit.	**How our audit addressed the key audit matter:** We evaluated the design and operating effectiveness of the controls over the accounting process of the impairment allowance. We evaluated management's assumption and judgment by checking the historical collection trends and history of default. In addition, we performed ratio analysis on the Group's allowance for expected credit losses and doubtful accounts during prior years; and we tested the aging of trade receivables and list of cheques under collections where no provision was recognized to check that there were no indicators of impairment. This included verifying if payments had been received since the year-end, and any correspondence with customers on expected settlement dates. We assessed the adequacy of the Group's disclosure regarding allowance for expected credit losses and doubtful accounts. We selected a sample of the largest trade receivables and cheques under collection balances where a provision for impairment was recognized and understood the rationale behind management's judgment. In order to evaluate the appropriateness of these judgments we verified whether balances were overdue, the customer's historical payment patterns and whether any post year-end payments had been received up to the date of completing our audit procedures. We also obtained corroborative evidence including correspondence supporting any disputes between the parties involved, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties where available. Further disclosure on the Group's trade receivables and allowance for expected credit losses, doubtful accounts and cheques under collection is disclosed in note (10) to the consolidated financial statements

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

Other information consists of the information included in The Company's 2019 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2019 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available 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.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group's or to cease operations, or has no realistic alternative but to do so.

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 Group's to cease to continue as a going concern.

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

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 consolidated 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 Group maintains proper books of accounts and the accompanying financial statements and financial information presented in the Board of Directors' report are in agreement therewith.

The partner in charge of the audit resulting in this auditor's report was Bishr Ibrahim Baker; license
number 592.

Ernst + Young

Amman – Jordan
11 May 2020

AL-TAJAMOUAT FOR TOURISTIC PROJECTS COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019	2018
Assets		JD	JD
Non-Current Assets			
Property and equipment	6	21,615	30,569
Investment properties	7	125,287,458	128,326,091
Deferred tax assets	8	59,400	79,200
Cheques under collection-long term		396,563	491,431
Total Non-Current Assets		125,765,036	128,927,291
Current Assets			
Assets held for sale	9	5,519,545	5,519,545
Trade receivables	10	1,825,494	2,951,671
Other current assets	11	1,199,257	1,312,190
Cheques under collection-short term		3,496,254	2,985,180
Cash on hand and at banks	12	444,651	783,597
Total Current Assets		12,485,201	13,552,183
Total Assets		138,250,237	142,479,474
Equity and Liabilities			
Equity			
Paid in capital	13	100,000,000	100,000,000
Share discount	13	(7,000,000)	(7,000,000)
Statutory reserve	13	1,956,981	1,781,492
Retained earnings		8,727,457	7,365,137
Net Equity		103,684,438	102,146,629
Liabilities			
Non-Current Liabilities			
Syndicated loan-long term	14	20,956,505	23,285,005
Unearned revenue – long term		152,934	-
Tenants refundable deposits		837,052	898,320
Total Non-Current Liabilities		21,946,491	24,183,325
Current Liabilities			
Syndicated loan-short term	14	2,328,500	6,848,531
Postdated cheques		896,516	-
Trade payables and other current liabilities	15	3,444,694	2,987,020
Unearned revenue – short term		5,857,454	6,218,051
Due to related parties	19	92,144	95,918
Total Current Liabilities		12,619,308	16,149,520
Total Liabilities		34,565,799	40,332,845
Total Equity and Liabilities		138,250,237	142,479,474

The attached notes from 1 to 26 form part of these consolidated financial statements

AL-TAJAMOUAT FOR TOURISTIC PROJECTS COMPANY- PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
		JD	JD
Rental revenues		13,294,206	15,090,018
Cost of revenues	16	(4,288,420)	(4,764,864)
Depreciation of investment properties	7	(3,225,189)	(3,300,794)
Gross profit		5,780,597	7,024,360
Depreciation of property and equipment	6	(10,629)	(12,941)
Finance cost		(2,121,906)	(2,433,340)
Administrative expenses	17	(960,874)	(890,975)
Provision for expected credit losses and doubtful debts	10	(948,739)	(513,539)
Other Income		4,626	79,741
Interest income		11,817	15,566
Profit for the year before income tax		1,754,892	3,268,872
National contribution expense for the year	8	(35,565)	-
Income tax expense for the year	8	(181,518)	(732,307)
Profit for the year		1,537,809	2,536,565
Add: Other comprehensive income		-	-
Total comprehensive income for the year		1,537,809	2,536,565
		JD/ Fils	JD/ Fils
Earnings per share	18	0,015	0,025

The attached notes from 1 to 26 form part of these consolidated financial statements

AL-TAJAMOUAT FOR TOURISTIC PROJECTS COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Paid in capital	Share discount	Statutory reserve	Retained earnings	Total
	JD	JD	JD	JD	JD
2019					
Balance as at 1 January 2019	100,000,000	(7,000,000)	1,781,492	7,365,137	102,146,629
Total comprehensive income for the year	-	-	-	1,537,809	1,537,809
Transfer to statutory reserve	-	-	175,489	(175,489)	-
Balance as at 31 December 2019	100,000,000	(7,000,000)	1,956,981	8,727,457	103,684,438
2018					
Balance as at 1 January 2018	100,000,000	(7,000,000)	1,454,605	5,275,459	99,730,064
IFRS 9 implementation effect	-	-	-	(120,000)	(120,000)
Balance at January 2018 (Adjusted)	100,000,000	(7,000,000)	1,454,605	5,155,459	99,610,064
Total comprehensive income for the year	-	-	-	2,536,565	2,536,565
Transfer to statutory reserve	-	-	326,887	(326,887)	-
Balance as at 31 December 2018	100,000,000	(7,000,000)	1,781,492	7,365,137	102,146,629

The attached notes from 1 to 26 form part of these consolidated financial statements

AL-TAJAMOUAT FOR TOURISTIC PROJECTS COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
		JD	JD
Operating Activities			
Profit for the year before income tax		1,754,892	3,268,872
Adjustment:			
Depreciation of property and equipment	6	10,629	12,941
Depreciation of investment properties	7	3,225,189	3,300,794
Interest income		(11,817)	(15,566)
Finance cost		2,121,906	2,433,340
Provision for expected credit losses and doubtful debts	10	948,739	513,539
Changes in working capital items:			
Cheques under collection		(416,206)	687,134
Trade receivables		177,438	(1,144,460)
Other current assets		112,933	240,988
Postdated cheques		896,516	(718,400)
Unearned revenues		(207,663)	(1,217,478)
Trade payables and other current liabilities		1,233,869	247,480
Taxes paid	8	(709,481)	-
Net cash flows from operating activities		9,136,944	7,609,184
Investing Activities			
Interest received		11,817	15,566
Purchases of property and equipment	6	(1,675)	(10,273)
Purchases of investment properties	7	(186,556)	(1,190,334)
Tenants refundable deposits		(61,268)	366
Net cash flows used in investing activities		(237,682)	(1,184,675)
Financing Activities			
Payment of syndicated loan payments		(6,848,531)	(3,874,515)
Finance cost paid		(2,385,903)	(2,424,293)
Due to related parties		(3,774)	5,023
Net cash flows used in financing activities		(9,238,208)	(6,293,785)
Net (decrease) increase in cash and cash equivalents		(338,946)	130,724
Cash and cash equivalents at the beginning of the year		783,597	652,873
Cash and cash equivalents at the end of the year	12	444,651	783,597

The attached notes from 1 to 26 form part of these consolidated financial statements

(1) GENERAL

AL-Tajamouat for Touristic Projects Company was incorporated during the year 1983 as a Public Shareholding Company. The Company's paid in capital is JD 100,000,000 divided into 100,000,000 at par value of JD 1 each.

On 26 August 2019, the General Assembly, in its extra ordinary meeting, has approved the reduction of the authorized and paid in capital by JD 7,000,000 by the share discount, to become 93,000,000 shares at a value of one Jordanian Dinar each. The capital reduction procedures were not finalized with Amman Stock Exchange up to the date of the consolidated financial statements.

The Company's main activity is owning and operating "TAJ Lifestyle Center" in Abdoun area in Amman – Jordan.

The financial statements were approved by the Board of Directors on 15 April 2020.

(2) BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements are presented in Jordanian Dinars which represents the functional currency of the Group.

(2-2) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of AL-Tajamouat for Touristic Projects Company (the Company) and the following wholly owned subsidiary as at 31 December 2019:

Subsidiary Name	Legal form	Country of incorporation	Ownership percentage	
			2019	2018
Al Taj Al Thahabi for Alternative Power Resources Projects*	Limited Liability Company	Jordan	100%	-

(2-2) BASIS OF CONSOLIDATION (CONTINUED)

* Al Taj Al Thahabi for Alternative Power Resources Projects Limited Liability Company was established in Jordan on 25 February 2019 with an authorized paid in capital of JD 5,000. The subsidiary is fully owned by Al Tajamouat for Touristic Projects Company.

The subsidiary does not have any operation since incorporation and up to the date of the consolidated financial statements.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(3) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 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 Group is the lessor.

The Group 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 Group 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 Group 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').

Since the Group is a lessor, this standard does not have any impact on the Group's financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

This interpretation does not have any material impact on the Group's financial statements.

(3) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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 Group's financial statements.

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

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

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

(4) SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (If any). When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of income.

Depreciation is calculated on a straight line basis (except for land). Assets are not depreciated until such time as the relevant assets are completed and put into operational use. The depreciation rates are estimated according to the estimated useful lives of assets as follows:

	%
Computers	25
Furniture, fixture and decorations	10
Vehicles	15

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that 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, being the higher of their fair value less costs to sell and their value in use. The impairment loss is recorded in the statement of income.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognized.

The useful life and depreciation method 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.

Investment properties

Investment properties are properties (land or building) held to earn rentals or for capital appreciation rather than land or building used for Group’s operations or for administrative purposes or sale in the ordinary course of business.

Investment properties are stated at cost less accumulated depreciation and/or accumulated impairment losses. Investment properties (except for land) are depreciated on a straight line basis. Investment properties are not depreciated until such time as the relevant assets are completed and put into use. The depreciation rates are estimated according to the estimated useful lives as follows:

	%
Construction works	2
Electromechanical works	4
Outdoor works	7
Furniture and fixture	15

(4) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Any gain or loss arising on derecognition of the investment properties (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of comprehensive income when the investment property is derecognized.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

Trade receivables

Trade receivables are stated at original invoice amount less any provision for any uncollectible amounts or expected credit losses. The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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.

Revenue recognition

The Group is in the business of operating “Taj Lifestyle Center”, most of the Group’s revenues are generated from rental revenues, payments from lessees are recorded as deferred revenues and are recognized when the rent period starts over the period of the contract.

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

Cash on hand and at banks

Cash on hand and at banks in the statement of financial position comprise cash at banks and on hand with a maturity of three months or less, which are subject to an insignificant risk of changes in value, if original maturity of deposits exceeds three months, they are classified as short-term investments. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand and at banks, as defined above, net of restricted cash.

Trade and other payables

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

(4) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans

Loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any “discount or premium” on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and can be reliably measured.

Income tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount of current income tax are those that are enacted at the reporting date in the Hashemite Kingdom of Jordan.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation or judgments and establishes provisions where appropriate.

Deferred income tax

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 assets are recognised for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

(4) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of deferred income tax assets is reviewed at reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Foreign currency transactions
Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated into respective functional currencies at rates of exchange prevailing at the reporting date as issued by Central Bank of Jordan. Any gains or losses are taken to the consolidated statement of comprehensive income.

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

Current versus non-current classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.
An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in the normal operating cycle;
- Held primarily for the purpose of 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.

The Group classifies all other assets 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
- That there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

(4) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

The Group measures financial instruments and non-financial assets at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted available for sales financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

(4) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

(5) USE OF ESTIMATES

The preparation of the consolidated 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 and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. 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. Any difference between the amounts actually paid in future periods and the amounts expected will be recognized in the statement of income.

The major estimates for the year 2019 are related to the valuation of investment properties, allowance for expected credit losses and doubtful accounts and cheques under collection

(6) PROPERTY AND EQUIPMENT

	Computers	Furniture, fixture and decorations	Vehicles	Total
2019	JD	JD	JD	JD
Cost				
Balance at 1 January 2019	112,676	108,321	60,629	281,626
Additions	1,675	-	-	1,675
Balance at 31 December 2019	114,351	108,321	60,629	283,301
Accumulated depreciation				
Balance at 1 January 2019	101,669	88,763	60,625	251,057
Depreciation	4,527	6,102	-	10,629
Balance at 31 December 2019	106,196	94,865	60,625	261,686
Net book value at 31 December 2019	8,155	13,456	4	21,615
2018				
Cost				
Balance at 1 January 2018	102,403	108,321	60,629	271,353
Additions	10,273	-	-	10,273
Balance at 31 December 2018	112,676	108,321	60,629	281,626
Accumulated depreciation				
Balance at 1 January 2018	95,327	82,164	60,625	238,116
Depreciation	6,342	6,599	-	12,941
Balance at 31 December 2018	101,669	88,763	60,625	251,057
Net book value at 31 December 2018	11,007	19,558	4	30,569

Fully depreciated property and equipment still in use amounted to JD 213,494 as at 31 December 2019 (2018: JD 180,176).

(7) INVESTMENT PROPERTIES

	Land	Construction works	Electro-mechanical works	Outdoor works	Furniture and fixtures	Total
2019	JD	JD	JD	JD	JD	JD
Cost						
Balance at 1 January 2019	31,703,645	80,405,594	35,958,145	2,239,014	672,134	150,978,532
Additions	-	135,551	51,005	-	-	186,556
Balance at 31 December 2019	31,703,645	80,541,145	36,009,150	2,239,014	672,134	151,165,088
Accumulated depreciation						
Balance at 1 January 2019	-	11,018,758	10,035,733	1,005,026	592,924	22,652,441
Depreciation charge	-	1,609,109	1,433,229	156,729	26,122	3,225,189
Balance at 31 December 2019	-	12,627,867	11,468,962	1,161,755	619,046	25,877,630
Net book value at 31 December 2019	31,703,645	67,913,278	24,540,188	1,077,259	53,088	125,287,458
2018						
Cost						
Balance at 1 January 2018	30,605,385	80,377,021	35,952,045	2,239,014	614,733	149,788,198
Additions	1,098,260	28,573	6,100	-	57,401	1,190,334
Balance at 31 December 2018	31,703,645	80,405,594	35,958,145	2,239,014	672,134	150,978,532
Accumulated depreciation						
Balance at 1 January 2018	-	9,411,078	8,579,325	848,297	512,947	19,351,647
Depreciation charge	-	1,607,680	1,456,408	156,729	79,977	3,300,794
Balance at 31 December 2018	-	11,018,758	10,035,733	1,005,026	592,924	22,652,441
Net book value at 31 December 2018	31,703,645	69,386,836	25,922,412	1,233,988	79,210	128,326,091

This item represents properties owned by the Group, which includes the commercial complex's land site and the mall building (Taj Life Style).

As of 31 December 2019, Management is of the opinion that the fair value of the investment properties exceeds its carrying amount at that date. The fair value was estimated by the management using the discounted cash flow method.

The investment properties including the mall (Taj life Style) are pledged against the syndicated loan note (14).

(8) INCOME TAX

The major components of income tax expense in the consolidated statement of income for the years ended 31 December 2019 and 2018 are as follows:

	2019	2018
	JD	JD
Income tax expense prior years (2015,2016,2017)	8,842	520,186
Income tax expense current year	152,876	192,321
Deferred income tax	19,800	19,800
	181,518	732,307

Income tax provision for the year ended 31 December 2019 has been calculated in accordance with Income Tax Law No. (38) of 2018 and for the year ended 31 December 2018 in accordance with Jordanian Income Tax No. (34) of 2014. Partial deduction of property tax was made to take into account the percentage of rental income to the total income of the Group pursuant to the provisions of paragraph (b) of Article 18 of the above law, this also led to recognition of prior years' income tax expense taking into consideration the percentage of rental income to the total income of the Group in accordance with the abovementioned paragraph of the law.

The major components of the national contribution expense in the consolidated statement of income for the year ended 31 December 2019 are as follows:

	2019	2018
	JD	JD
National contribution expense current year	35,565	-
	35,565	-

The following is a summary of the reconciliation between accounting profit and taxable profit:

	2019	2018
	JD	JD
Accounting profit	1,754,892	3,268,872
Tax-exempt revenues	(99,000)	(111,000)
Tax-unacceptable expenses	1,900,577	1,272,165
Taxable profit	3,556,469	4,430,037
Income tax rate	20%	20%
Income tax expense for the year	711,294	886,007
Less: Paid property tax	(558,418)	(693,686)
Income tax for the year	152,876	192,321

(8) INCOME TAX (CONTINUED)

Movement on the income tax payable during the year is as follows:

	2019	2018
	JD	JD
At 1 January	712,507	-
Income tax charge for the year	152,876	192,321
Income tax charge for prior years 2015	-	179,005
Income tax charge for prior years 2016	-	163,660
Income tax charge for prior years 2017	8,842	177,521
Transfers from income tax securities	(15,599)	-
Payment	(709,481)	-
At 31 December	149,145	712,507

The Group obtained a final income tax clearance till the year 2018.

The Group obtained final clearance from the Income and Sales Tax Department until 31 January 2018. The group has submitted all the tax returns and there were not reviewed up to the date of the consolidated financial statements.

The movement of the deferred tax asset during the year is as follows:

	2019	2018
	JD	JD
Beginning balance for the year	79,200	99,000
Amortized deferred tax assets	(19,800)	(19,800)
Deferred tax assets	59,400	79,200

The deferred tax assets for the year ended 31 December 2019 was calculated on accumulated losses approved by Income and Sales Tax Department using effective tax rate at (20%) in accordance with the Income Tax Law No. (34) of 2014. The Group agreed with the Income and Sales Tax Department to amortize these losses over agreed annual amount up to the year 2022. Furthermore, the management expects to benefit from the deferred tax assets in the near future.

(9) ASSETS HELD FOR SALE

During 2016,the Group has reclassified the plots of land, no. (817) parcel no. (29), no. (488) parcel no. (28) and no. (161) parcel no. (27) located opposite to (Taj Life Style) which were previously classified as investment properties to assets held for sale with its carrying amount of JD 5,519,545 as a result of the Group's plan to sell these plots of land. Management is of the opinion that the fair value of the plots exceeds it carrying amount at the date of the consolidated financial statements.

During the year the management signed an agreement to sell the land and received a total amount of JD 2,000,000 as an advance on the sale (note 15), the agreement was not finalized up to the date of the consolidated financial statements.

(10) TRADE RECEIVABLES

	2019	2018
	JD	JD
Trade receivables	4,791,932	4,969,370
Provision for expected credit losses and doubtful debts	(2,966,438)	(2,017,699)
	1,825,494	2,951,671

Trade receivables are non-interest bearing. The Group does not obtain collateral over trade receivables.

The movement of the provision for expected credit losses and doubtful debts is as follows:

	2019	2018
	JD	JD
Balance at 1 of January	2,017,699	1,708,032
Adjustment of IFRS 9 implementation	-	120,000
Additions	948,739	525,539
Written off during the year	-	(323,872)
Recovered during the year	-	(12,000)
Balances at 31 December	2,966,438	2,017,699

As at 31 December, the aging of unimpaired trade receivables is as follows:

	Past-due but not impaired				
	1-30 days	31-90 days	91-180 days	181 – less than 365 days	Total
	JD	JD	JD	JD	JD
2019	458,363	491,747	357,465	517,919	1,825,494
2018	747,203	523,337	839,533	841,598	2,951,671

In the opinion of the management unimpaired receivables are expected to be fully recoverable.

(11) OTHER CURRENT ASSETS

	2019	2018
	JD	JD
Advances to Income and Sales Tax Department	451,363	700,579
Prepaid expenses	52,991	23,151
Refundable deposits	248,892	247,463
Accrued revenues	318,309	250,149
Staff receivables	7,307	4,550
Advances to consultants and suppliers	119,985	85,888
Others	410	410
	1,199,257	1,312,190

(12) CASH ON HAND AND AT BANKS

	2019	2018
	JD	JD
Cash on hand and at banks	380,546	777,395
Cash in guarantee account*	64,105	6,202
	444,651	783,597

* This amount consists of cash receipts from the tenants of Taj Life Style which were deposited in a guarantee account for the benefit of the syndicated loan and the related operating expenses of the project, in accordance with the syndicated loan agreement.

(13) EQUITY

Paid-In capital
The authorized and paid-in capital of the Group is JD 100,000,000, divided into 100,000,000 shares at a par value of JD 1 each. On 26 August 2019, the General Assembly, in its extra ordinary meeting, has approved the reduction of the authorized and paid in capital by JD 7,000,000 by the share discount, to become 93,000,000 shares at a value of one Jordanian Dinar each. The capital reduction procedures were not finalized with Amman Stock Exchange up to the date of the consolidated financial statements.

Share discount
The Share discount amounts to JD 7,000,000 as at 31 December 2019 (2018: JD 7,000,000).

Statutory reserve
As required by the Jordanian Companies' Law, 10% of the Group's net income before tax is transferred to statutory reserve. The Group may resolve to discontinue such annual transfers when the reserve totals 25% of the issued share capital. The statutory reserve is not available for distribution to the shareholders.

(14) SYNDICATED LOAN

On 18 January 2010, the Group signed a JD 40,000,000 syndicated loan agreement managed by the Housing Bank for Trade and Finance. During September 2011 the Group raised an additional financing of JD 20,000,000 to reach JD 60,000,000 in total.

The mall and the landsite of the mall, which is located in Abdoun, were pledged as collateral against the loan.

Based on the original agreement the interest rate on the syndicated loan was calculated using the weighted average prime lending rate of all lenders, plus an annual margin of 1%, and the loan balance is payable in equal quarterly installments. The first installment related to the initial JD 40,000,000 portion of the loan was due after thirteen months from delivering the final project from the technical consultant which was on 1 July 2012, and the final installment was due in eight years and three months from the date of the syndicated loan agreement. The first installment related to the additional financing of JD 20,000,000 is due after 26 months from delivering the final project from the technical consultant.

On 30 August 2015, the Group signed an amendment and waiver agreement, based on the agreement, the last payment for the total balance of the loan of JD 60,000,000 has been rescheduled to be 18 January 2024. Furthermore, the interest rate calculation has been changed to be calculated using the weighted average prime lending rate of all lenders minus an annual margin of 1.97%. The installments including interest are settled in February, May, August and November of each year.

As per the amended agreement, the Group undertakes to complete the sale of the three plots of land classified as held for sale (note 9) and to utilize the proceeds from the sale to settle an amount of JD 7.5 million from the loan future installments. During 2015, the Group paid an amount of JD 5,895,692. While during September 2017, the Group has paid the remaining balance of the future instalments amounted to JD 1,604,308 based on that the lead arranger and the lenders waived the Group from the undertaking related to selling the plots of land.

On 19 September 2019, the Group signed an amendment and waiver agreement, based on the agreement, the last payment of the loan has been rescheduled to November 2029 and the interest calculation remains the same.

The quarterly installments amounted to JD 582,125. In addition to the interest are settled in February, May, August and November of each year.

The loan agreement contains covenants relating to financial ratios and others relating to additional borrowings. According to the loan agreement, the Group has to calculate these ratios and ensure compliance with them on an annual basis.

The cash flow movement for the syndicated loan was related to the settlement of due amounts amounting to JD 6,848,531 as at 31 December 2019 (2018: JD 3,874,515).

(14) SYNDICATED LOAN (CONTINUED)

The allocation of the Group's loans as short term and long term is as follows:

	2019	2018
	JD	JD
Current	2,328,500	6,848,531
Non-current	20,956,505	23,285,005
	23,285,005	30,133,536

* On 27 May 2018, the Group has obtained an approval from Housing Bank to postpone the loan installment that was due on 3 May 2018 to be paid on 3 February 2019.

The annual installment amount and due dates for the long-term loans are as follows:

	JD
2021	2,328,500
2022	2,328,500
2023	2,328,500
2024 and more	13,971,005
	20,956,505

(15) TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2019	2018
	JD	JD
Trade payables	775,345	977,087
Income tax provision prior years (note 8)	-	520,186
Accrued sewerage tax	-	301,109
Accrued expenses	176,648	182,343
Sales tax payable	96,481	275,146
Accrued interest	110,408	374,405
Shareholders payables	66,630	66,630
National contribution provision current year (note 8)	35,565	-
Income tax provision current year (note 8)	149,145	192,321
Provision for contingent liabilities	16,488	40,635
Advances for the assets held for sale (note 9)	2,000,000	-
Others	17,984	57,158
	3,444,694	2,987,020

(16) COST OF REVENUES

	2019	2018
	JD	JD
Salaries, wages and other benefits	450,728	455,066
Social security	61,004	65,599
Overtime	27,134	26,422
Medical insurance	12,113	12,121
Property taxes	1,230,502	1,202,866
Maintenance and repairs	322,880	468,948
Security services	425,241	382,090
Cleaning	374,957	387,278
Services and benefits	939,892	978,681
Marketing expenses	357,335	680,533
Property insurance	79,484	98,260
Others	7,150	7,000
	4,288,420	4,764,864

(17) ADMINISTRATIVE EXPENSES

	2019	2018
	JD	JD
Salaries, wages and other benefits	384,621	428,421
Social security	41,499	50,723
Overtime	6,481	6,046
Bonus	31,500	-
Medical insurance	8,038	8,674
Professional, legal and consulting fees	150,041	170,793
Vehicles expenses	9,974	6,356
Post and telephone	16,912	15,219
Stationary and printing	7,813	6,620
Advertising	3,170	3,037
Hospitality	18,288	15,225
Government fees	144,809	41,020
Travel and accommodation	28,373	20,528
Others	109,355	118,313
	960,874	890,975

(18) EARNINGS PER SHARE

	2019	2018
Profit for the year attributable to shareholders (JD)	1,537,809	2,536,565
Weighted average number of shares during the year	100,000,000	100,000,000
Basic earnings per share for the year (JD/Share)	0,015	0,025

No figure for diluted earnings per share has been calculated, as there no dilutive ordinary shares outstanding.

(19) RELATED PARTIES' BALANCES AND TRANSACTIONS

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

Pricing policies and terms of the transactions with related parties are approved by the Group's management.

Following is a summary of balances with related parties included in the consolidated statement of financial position:

	Nature of relationship	2019	2018
		JD	JD
Due to related parties			
Bank Al- Khair	Ultimate parent	92,144	92,144
Al-Salam Company	Shareholder	-	3,774
		92,144	95,918

These accounts do not bear interest, not guaranteed and do not have maturity date.

Salaries and remunerations for key management

The total salaries and bonuses paid to executive management for the year ended 31 December 2019 amounted JD 139,824 (31 December 2018: JD 132,000).

(20) CONTINGENT LIABILITIES

Guarantees

The Group has issued letters of guarantee amounting to JD 217,986 (2018: JD 200,686) against cash margin amounted to JD 32,339 as of 31 December 2019 (2018: JD 30,609).

Legal claims

The Group is a defendant in a number of lawsuits with a value of JD 21,975 in addition to other cases with no determined value as of 31 December 2019 (2018: JD 64,643). Related risks have been analyzed as to likelihood of occurrence. Accordingly, a provision of JD 3,868 has been provided against these claims (2018: JD 46,143).

Other contingent liabilities

The Group is contingently liable for governmental fines in case the Group did not develop the land they hold based on the arrangement with Greater Amman Municipality. Management analyzed the likelihood of such claim, accordingly, the management believes that the Group will not incur any fines as of the date of the consolidated financial statements.

(21) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash on hand and at banks, trade receivables, cheques under collection and other current assets. Financial liabilities consist of bank loans, trade payables, postdated cheques, due to related parties and other current liabilities.

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

(22) RISK MANAGEMENT

Interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets and liabilities such as bank loans.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the Group's loss for one year, based on the floating interest rate on financial assets and financial liabilities held at 31 December 2019.

The following table demonstrates the sensitivity of the statement of income to reasonably possible changes in interest rates, with all other variables held constant as of 31 December 2019 and 2018.

	Change in interest rate (Point)	*Effect on profit JD*
2019		
Currency JD	100	232,850
2018		
Currency JD	100	301,335

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 Group is not significantly exposed to credit risks as it seeks to limit its credit risk with respect to customers by setting credit limits for customers and continuously monitoring outstanding receivables and with respect to banks by only dealing with reputable banks.

(22) RISK MANAGEMENT (CONTINUED)

Currency risk

Most of the Group's transactions are in Jordanian Dinars and U.S. Dollars. The Jordanian Dinar exchange rate is fixed against the U.S. Dollar (US $ 1.41 for JD 1).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or a damage to the Group's reputation.

The Group limits its liquidity risk by ensuring bank facilities are available.

The table below summarises the maturities of the Group's financial liabilities at 31 December 2019 and 2018, based on contractual undiscounted payment.

2019 -	Less than 3 months	3 to 12 months	1 to 5 Years	> 5 years	Total
	JD	JD	JD	JD	JD
Syndicated loan	846,759	2,999,249	17,467,262	10,808,658	32,121,928
Tenants refundable deposits	-	-	-	837,052	837,052
Trade payables and other current liabilities	3,444,694	-	-	-	3,444,694
Postdated cheques	264,740	631,776	-	-	896,516
Due to related parties	92,144	-	-	-	92,144
Total	4,648,337	3,631,025	17,467,262	11,645,710	37,392,334

2018 -	Less than 3 months	3 to 12 months	1 to 5 Years	> 5 years	Total
	JD	JD	JD	JD	JD
Syndicated loan	3,326,493	5,630,191	27,367,885	-	36,324,569
Tenants refundable deposits	-	-	-	898,320	898,320
Trade payables and other current liabilities	2,987,020	-	-	-	2,987,020
Due to related parties	95,918	-	-	-	95,918
Total	6,409,431	5,630,191	27,367,885	898,320	40,305,827

(23) CAPITAL MANAGEMENT

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

The Group 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 year ended 31 December 2019 and 2018.

Capital comprises paid in capital, share discount, statutory reserve and retained earnings amounting to JD 103,684,438 as at 31 December 2019 (2018: JD 102,146,629).

(24) 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 Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

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 Group 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 Group's consolidated financial statements.

(25) Comparative figures

The 2018 figures have been reclassified in order to conform to the presentations in 2019. Such reclassification does not affect previously reported profit or equity.

(26) Subsequent events

Subsequent to the date of the consolidated financial statements and as a result of the continued impact of the Corona Virus (COVID 19) on the global economy, various business sectors, the neighboring countries and the rest of the world. The group's operation activities may be affected by the global developments which are currently affecting various commodity markets and supply chains for materials and goods.
The extent and duration of these impacts are still unclear and depend on future developments that cannot be accurately predicted at the present time, and therefore the Group has been unable to estimate the magnitude of the potential impact on the consolidated financial statements as at the date of their approval of the financial statements. Noting that these developments may have an impact on the future financial results, cash flows and the financial position of the group.