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

Consolidated financial statement
and the independent auditor's report
for the year ended December 31, 2017

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

## Index

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**Independent Auditor's Report**

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

**Report on the Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of **Amoun International for Investments (Public Shareholding Company)**, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Basis for the Qualified Opinion**

- We did not evaluate the investment in the associate as of December 31, 2017 for the lack of receiving audited financial statements.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the consolidated Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

**Emphasis of a matter**

We refer to note no. (5) of the financial statements.

**Key Audit Matters**

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

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

## Other Information

Management is responsible for the other information. The other information comprises the [*information included in the* annual *report, but does not include the consolidated financial statements and our auditors' report thereon.*]

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

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

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

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

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

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

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

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

Talal Abu-Ghazaleh & Co. International

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

Aziz Abdelkader
(License # 867)

Amman – March 11, 2018

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

## Consolidated statement of financial position as at December 31, 2017

| | Note | 2017 | 2016 |
|---|---|---|---|
| **ASSETS** | | JD | JD |
| **Non-current Assets** | | | |
| Property and equipment | 3 | 5,119,532 | 4,582,167 |
| Investments property | 4 | 667,257 | 667,257 |
| Investment in associate | 5 | 143,284 | 143,284 |
| **Total Non-Current Assets** | | 5,930,073 | 5,392,708 |
| **Current Assets** | | | |
| Financial assets at fair value through profit or loss | 6 | 102,741 | 250,519 |
| Other debit balances | 7 | 39,530 | 10,207 |
| Trade receivables | | 60,500 | 60,500 |
| Cash and cash equivalents | 8 | 34,987 | 370,867 |
| **Total Current Assets** | | 237,758 | 692,093 |
| **TOTAL ASSETS** | | 6,167,831 | 6,084,801 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Capital | 9 | 6,180,371 | 6,180,371 |
| Statutory reserve | | 28,443 | 28,443 |
| Accumulated losses | 9 | (476,690) | (266,821) |
| **Net Equity** | | 5,732,124 | 5,941,993 |
| **Non-Current Liabilities** | | | |
| Loan | 10 | 168,376 | - |
| **Current Liabilities** | | | |
| Loan - current portion | 10 | 83,360 | - |
| Bank overdraft | | - | 2,350 |
| Other credit balances | 11 | 183,971 | 140,458 |
| **Total Current Liabilities** | | 267,331 | 142,808 |
| **Total Liabilities** | | 435,707 | 142,808 |
| **TOTAL EQUITY AND LIABILITIES** | | 6,167,831 | 6,084,801 |

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

## Consolidated statement of comprehensive income for the year ended December 31, 2017

| | Notes | 2017 | 2016 |
|---|---|---|---|
| | | JD | JD |
| Other revenues | 12 | 1,694 | 67,288 |
| Administrative expenses | 13 | (185,126) | (201,874) |
| Losses of financial assets at fair value through profit or loss | 14 | (26,437) | (59,746) |
| Share of profit of associate | 5 | - | (49,217) |
| **Loss before tax** | | (209,869) | (243,549) |
| Income tax paid for prior years | | - | (23,272) |
| **Loss** | | (209,869) | (266,821) |
| Loss per share | 15 | JD (-\034) | JD (-\026) |

## Consolidated statement of changes in equity for the year ended December 31, 2017

| | Capital | Statutory reserve | Accumulated loss | Net equity |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at January 1, 2016 | 12,031,108 | 28,443 | (5,850,737) | 6,208,814 |
| Quench of accumulated losses through decrease of capital | (5,850,737) | - | 5,850,737 | - |
| Loss | - | - | (266,821) | (266,821) |
| **Balance as at December 31, 2016** | 6,180,371 | 28,443 | (266,821) | 5,941,993 |
| Loss | - | - | (209,869) | (209,869) |
| **Balance as at December 31, 2017** | 6,180,371 | 28,443 | (476,690) | 5,732,124 |

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

## Consolidated statement of cash flows for the year ended December 31, 2017

| | 2017 | 2016 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | JD | JD |
| Loss before tax | (209,869) | (243,549) |
| **Adjustments for :** | | |
| Depreciation | 5,200 | 5,200 |
| Share of profit of associate | - | 49,217 |
| Change in fair value of financial assets at fair value through profit or loss | 35,526 | 40,447 |
| Recovery of provisions | - | (51,000) |
| **Change in operating assets and liabilities:** | | |
| Financial assets at fair value through profit or loss | 112,252 | 2,655 |
| Other debit balances | (29,323) | 5,000 |
| Trade receivables | - | 80,000 |
| Other credit balances | 43,513 | 10,163 |
| | **(42,701)** | **(101,867)** |
| Income tax paid | - | (23,272) |
| **Net cash from operating activities** | **(42,701)** | **(125,139)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Additions on project under construction | (542,565) | (105,203) |
| **Net cash from investing activities** | **(542,565)** | **(105,203)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Loan | 251,736 | - |
| Bank overdraft | (2,350) | 2,350 |
| **Net cash from financing activities** | **249,386** | **2,350** |
| **Net change in cash and cash equivalents** | (335,880) | (227,992) |
| Cash and cash equivalents - beginning of year | 370,867 | 598,859 |
| **Cash and cash equivalents - end of year** | **34,987** | **370,867** |
| **Information about non cash transactions** | | |
| Quench of accumulated loss through decrease of capital | - | 5,850,737 |

## 1. Legal status and activities

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

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

(*) On January 13, 2015 it was agreed to sell the shares of Amoun International for Investments Company in Wahet Amoun for Real Estate Developments to the rest of the shareholder's for the amount of JD 184,545, the company has completed all legal procedures at the related authorities.

- The financial statements were approved by the boards of directors in its session number (1) held on March 11, 2018, and requires the approval of the general assembly of shareholders.

## 2. Financial statements preparation framework Significant accounting policies

- **Financial statements preparation framework**

  The financial statements have been prepared in accordance with International Financial Reporting Standards.

- **Measurement bases used in preparing the financial statements**

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

- **Functional and presentation currency**

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

- **Using of estimates**
  - When preparing of financial statements, management uses judgments, assessments and assumptions that affect applying the accounting policies and carrying amounts of assets, liabilities, revenue and expenses. Actual result may differ from these estimates.
  - Change in estimates shall be recognized in the period of the change, and future periods if the change affects them.
  - For example, estimates may be required for doubtful and bad debts, inventory obsolescence, useful lives of depreciable assets, provisions, any legal cases against the entity

- **Basis of consolidation**
  - Control is presumed to exist when the investor 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, unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.
  - Intergroup balances, transactions, income and expenses among the group (the parent and the subsidies company) shall be eliminated in full.
  - Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to the parent.

- <u>Property and equipment</u>

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

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

  - The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
  - The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
  - On the subsequent derecognition (sale or retirement) of the property and equipment, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

- <u>Investment property</u>

  - Investment property is property (land or building- or part of a building- or both):
    - Held by the entity to earn rentals,
    - For capital appreciation, or both, rather than for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.
  - Investment property is measured initially at its cost, including transaction costs.
  - After initial recognition, investment property is carried, in the statement of financial position, at its cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.
  - The carrying values of investments property are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
  - On the subsequent derecognition (sale or retirement) of the investment property, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

- <u>Related parties</u>

  - Transactions with related parties represent transfer of resources, services, or obligations between related parties.
  - Terms and conditions relating to related party transactions are approved by management.

- <u>Financial instruments</u>

  Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

- Financial assets

  - A financial asset is any asset that is:
    (a) Cash;
    (b) An equity instrument of another entity;
    (c) A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.
    (d) A contract that will or may be settled in the entity's own equity instruments.
  - Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.
  - All recognized financial assets are subsequently measured either at amortized cost or fair value, on the basis of both:
    (a) The entity's business model for managing the financial assets, and
    (b) The contractual cash flow characteristics of the financial assets.
  - A financial asset is measured at amortized cost if both of the following conditions are met:
    (a) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
    (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  - All other financial assets are subsequently measured at fair value.
  - A gain or loss on a financial asset that is measured of fair value and is not part of a hedging relationship is recognized in profit or loss unless the financial asset is an investment in an equity instrument and the entity has elected to present gains and losses on that investment in other comprehensive income.

Cash and cash equivalents

- Cash comprises cash on hand, current accounts and demand deposits with banks.
- Cash equivalents are short- term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade receivables

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

Investments in associates

- An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.
- The entity's investment in its associate is accounted for under the equity method of accounting. Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor' share of the profit or loss of the investee is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment.
- Adjustment to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee are other comprehensive income. The investor's share of those changes is recognized in other comprehensive income of the investor.
- When no consolidation is prepared, investment in an associate is accounted for at cost.

- **Impairment of financial assets**
  - Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at the end of each period.
  - For financial assets carried at amortized cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. Impairment loss is recognized in the losses.

- **Financial liabilities**
  - A financial liability is any liability that is:
    (a) A contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
    (b) A contract that will or may be settled in the entity's own equity instruments.
  - Financial liabilities are initially recognized at fair value plus transaction costs, directly attributable to the acquisition or issue of those liabilities, except for the financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.
  - After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss which are measured at fair value and other determined financial liabilities which are not measured under amortized cost method.
  - Financial liabilities at fair value through profit or loss are stated at fair value, with any resulting gain or loss from change in fair value is recognized through profit or loss.

  **Trade payables and accruals**

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

- **Impairment of assets**
  - At each statement of financial position date, management reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired.
  - If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. The value in use is the present value of the future cash flows expected to be derived from the asset.
  - An impairment loss is recognized immediately as loss.
  - Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately as income.

- **Statutory reserve**

  Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals one quarter of the Company's subscribed capital. However, the Company may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full. Such reserve is not available for dividends distribution.

- **Income tax**

  Income tax is calculated in accordance with laws and regulations applicable in Jordan

- **Revenue recognition**

  - Revenue is measured at the fair value of the consideration received or receivable.

  **Dividend and interest revenue**

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

- **Borrowing costs**

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

- **Earnings per share**

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

- **Foreign currencies**

  - In preparing the financial statements, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement date (closing rate). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.
  - Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognized in profit or loss in the period in which they arise.

## 3. Property and equipment

| 2017 | Apartment | Furniture and decoration | Vehicles | Project under construction | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| **Cost** | | | | | |
| Balance - beginning of year | 260,000 | 66,468 | 93,550 | 4,363,823 | 4,783,841 |
| Additions | - | - | - | 542,565 | 542,565 |
| **Balance - end of year** | 260,000 | 66,468 | 93,550 | 4,906,388 | 5,326,406 |
| **Accumulated depreciation** | | | | | |
| Balance - beginning of year | 41,658 | 66,467 | 93,549 | - | 201,674 |
| Depreciation | 5,200 | - | - | - | 5,200 |
| **Balance - end of year** | 46,858 | 66,467 | 93,549 | - | 206,874 |
| **Net** | 213,142 | 1 | 1 | 4,906,388 | 5,119,532 |
| 2016 | | | | | |
| **Cost** | | | | | |
| Balance - beginning of year | 260,000 | 66,468 | 93,550 | 4,258,620 | 4,678,638 |
| Additions | - | - | - | 105,203 | 105,203 |
| **Balance - end of year** | 260,000 | 66,468 | 93,550 | 4,363,823 | 4,783,841 |
| **Accumulated depreciation** | | | | | |
| Balance - beginning of year | 36,458 | 66,467 | 93,549 | - | 196,474 |
| Depreciation | 5,200 | - | - | - | 5,200 |
| **Balance - end of year** | 41,658 | 66,467 | 93,549 | - | 201,674 |
| **Net** | 218,342 | 1 | 1 | 4,363,823 | 4,582,167 |

## 4. Investment property

The market value of the investment lands amounted to JD 680,410 as per real estate expert's valuation on 20 and 21 of January 2018 with an increase of JD 13,153.

## 5. Related parties

(a) Transactions with related parties represent transactions with parent company's subsidiaries.
(b) Investment in associates consists of investment in Arajin Biotechnology- limited liability and the company's share is %29.77 as at December 31, 2017, movement of investment in the associate during the year was as follows:

| | 2017 | 2016 |
|---|---|---|
| | JD | JD |
| Balance - beginning of year | 143,284 | 192,501 |
| Share of profit of associate | - | (49,217) |
| Balance - end of year | 143,284 | 143,284 |

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

(c) Transaction with related parties are investing in nature.

## 6. Financial assets at fair value through profit or loss

| | 2017 | 2016 |
|---|---|---|
| | JD | JD |
| Balance - beginning of year | 250,519 | 293,621 |
| Purchase during the year | - | 83,354 |
| Sale during the year | (112,252) | (86,009) |
| Change in fair value | (35,526) | (40,447) |
| Balance - end of year | 102,741 | 250,519 |

## 7. Other debit balances

| | 2017 | 2016 |
|---|---|---|
| | JD | JD |
| Refundable deposits | 13,800 | - |
| Brokers receivables | 12,306 | 1,486 |
| Work advances | 4,251 | 2,734 |
| Prepaid expense | 4,200 | 3,750 |
| Other | 3,430 | - |
| Income and sales tax deposits | 1,543 | 1,455 |
| Advance payments to suppliers | - | 500 |
| Employee receivable | - | 282 |
| **Total** | 39,530 | 10,207 |

## 8. Cash and cash equivalents

| | 2017 | 2016 |
|---|---|---|
| | JD | JD |
| Current account at bank | 34,987 | 814 |
| Deposit at bank | - | 370,053 |
| **Total** | 34,987 | 370,867 |

## 9. Capital

Based on the Extraordinary General Assembly meeting held on April 28, 2016 it was decided to quench the consolidated accumulated loss of the company amounted to JD 5,850,737 by reducing the capital of the company from JD 12,031,108 to become JD 6,180,371 and all legal procedure were completed with related authorities on September 19, 2016.

## 10. Loan

This item represents the used amount of the loan from Capital Bank, the loan is repaid under 48 equal monthly installments except for the last payment. The first payment is due on May 31, 2018 and the last will be due on April 30, 2022 the loan was granted by the financial position of the company and a promissory.

## 11. Other credit balances

| | 2017 | 2016 |
|---|---|---|
| | JD | JD |
| Former chairman of the board of directors payable | 114,701 | 114,701 |
| Contractor retentions | 58,519 | - |
| Other | 10,701 | 22,881 |
| Employees income tax withheld | 50 | 50 |
| Deferred check | - | 2,826 |
| **Total** | 183,971 | 140,458 |

## 12. Other revenues

| | 2017 | 2016 |
|---|---|---|
| | JD | JD |
| Bank interest revenue, net | 1,694 | 16,153 |
| Recovery of provisions | - | 51,000 |
| Other | - | 135 |
| **Total** | **1,694** | **67,288** |

## 13. Administrative expenses

| | 2017 | 2016 |
|---|---|---|
| | JD | JD |
| Salaries and wages and related benefits | 90,600 | 74,612 |
| Judicial expenses | 20,728 | - |
| Professional fees | 14,360 | 72,154 |
| Subscriptions and license | 13,647 | 16,265 |
| Social security contribution | 12,911 | 9,983 |
| Fines | 8,800 | - |
| Deprecation | 5,200 | 5,200 |
| Communication | 2,941 | 3,944 |
| Maintenance | 2,838 | 2,714 |
| Board of directors meeting expenses | 2,548 | - |
| Insurance | 2,487 | 1,851 |
| Water and electricity | 2,402 | 2,127 |
| Cleaning | 1,685 | 1,638 |
| Vehicles expenses | 1,137 | 2,622 |
| Computer | 1,064 | 435 |
| Advertisements | 773 | 644 |
| Miscellaneous | 517 | 724 |
| Hospitality | 275 | 497 |
| Stationery | 213 | 286 |
| Non-refundable tax | - | 6,178 |
| **Total** | **185,126** | **201,874** |

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

| | 2017 | 2016 |
|---|---|---|
| | JD | JD |
| Distributed dividends | 8,399 | 5,641 |
| Gain (loss) on sale of financial assets | 690 | (24,940) |
| Revaluation loss | (35,526) | (40,447) |
| Total | (26,437) | (59,746) |

**15. Loss per share**

| | 2017 | 2016 |
|---|---|---|
| | JD | JD |
| Loss | (209,869) | (266,821) |
| Weighted average number of share | 6,180,371 | 10,380,078 |
| Loss per share | JD (-/034) | JD (-/026) |

**16. Tax status**

Sales and income tax status has not been settled for 2015, 2016, and according to the management and tax consultant opinion, there is no need to take any provisions.

**17. Legal cases**

According to the lawyer letter there are legal cases raised by the company against others amounting to JD 120,000, this legal case is still pending with the special courts.

**18. Risk management**

a) Capital risk:

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

b) Currency risk:

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

c) Interest rate risk:

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- The risk arises on exposure to a fluctuation in market interest rates resulting from borrowings and depositing in banks.
- The risk is managed by maintaining an appropriate mix between fixed and floating interest rates balances during the financial year.

- The following table shows the sensitivity of profit or loss and equity to changes in interest rates received by the entity on its deposits with banks and on interest rates paid by the entity on borrowing from the banks:

| As of December 31, 2017 | Change in interest | | Effect on profit (loss) and equity |
|---|---|---|---|
| | % | | JD |
| Loan | 0.5 | ± | 1,259 |

d) <u>Other price risk:</u>

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

| As of December 31, 2017 | Change in price | | Effect on profit (loss) and equity |
|---|---|---|---|
| | % | | JD |
| Financial assets at fair value through profit or loss | 5 | ± | 5,137 |

| As of December 31, 2016 | Change in price | | Effect on profit (loss) and equity |
|---|---|---|---|
| | % | | JD |
| Financial assets at fair value through profit or loss | 5 | ± | 12,526 |

e) <u>Credit risk:</u>

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

f) <u>Liquidity risk:</u>

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

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

| Description | Less than a year | | More than a year | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Assets | JD | JD | JD | JD |
| Investment in associate | - | - | 143,284 | 143,284 |
| Financial assets at fair value through profit or loss | 102,741 | 250,519 | - | - |
| Other debit balances | 35,330 | 5,957 | - | - |
| Trade receivables | 60,500 | 60,500 | - | - |
| Cash and cash equivalents | 34,987 | 370,867 | - | - |
| Total | 233,558 | 687,843 | 143,284 | 143,284 |
| Liabilities | | | | |
| Loan | 83,360 | - | 168,376 | - |
| Bank overdraft | - | 2,350 | - | - |
| Other credit balances | 183,971 | 140,458 | - | - |
| Total | 267,331 | 142,808 | 168,376 | - |

## 19. Financial statements for the subsidiary

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

| Paid capital | Percentage of ownership | Total assets | Total liabilities | Accumulated loss |
|---|---|---|---|---|
| JD | % | JD | JD | JD |
| 150,000 | 100 | 4,956,541 | 4,811,364 | (4,823) |

## 20. Fair value of financial instruments

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

| As December 31, 2017 | Levels | | | |
|---|---|---|---|---|
| | 1 | 2 | 3 | Total |
| Financial assets | JD | JD | JD | JD |
| Financial assets at fair value through profit or loss | 102,741 | - | - | 102,741 |

21. **Standards and Interpretations issued but not yet effective**

Up to the date of these financial statements, the following Standards and Interpretations were issued by the International Accounting Standards Board but not yet effective:

| Standard or Interpretation No. | Description | Effective date |
|---|---|---|
| IFRS (9) - New | Financial Instruments | Jan 1, 2018 or after |
| IFRS (15) – New | Revenue from contracts with customers | Jan. 1, 2018 or after |
| IFRS (16) – New | Leases – all leases are being recognized in the statement of financial position, without distinctions between operating and finance leases | Jan 1, 2019 or after |
| IFRS (17) - New | Insurance contracts | Jan 1, 20121 or after |
| IFRIC No. (22) | Foreign currency transactions | Jan 1, 2018 or after |
| IFRIC No. (23) | Uncertainty over income tax treatments | Jan 1, 2019 or after |

Management anticipates that the adoption of these Standards and Interpretations in current or future periods may not have material impact on the financial statements.

22. **Reclassification**

Some of 2016 balances have been reclassified to make them align with the classification used in 2017.