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

Consolidated financial statement
and independent auditor's report
for the year ended December 31, 2018

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, 2018, 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, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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

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

Emphasis of a matter

We refer to note no. (6) 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

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.

Scope of audit

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 consolidated financial statements by the general assembly.

Talal Abu-Ghazaleh & Co. International

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

Mohammad Al-Azraq
(License # 1000)

Amman – March 20, 2019

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

Consolidated statement of financial position as at December 31, 2018

	Note	2018	2017
ASSETS		JD	JD
Non-current Assets			
Property and equipment	3	5,490,877	5,119,532
Investments property	4	667,257	667,257
Investment in an associate	5	-	143,284
Aragen Biotechnology Co. receivable - non-current	6	1,800,000	-
Total Non-Current Assets		7,958,134	5,930,073
Current Assets			
Financial assets at fair value through profit or loss	7	27,000	102,741
Other debit balances	8	56,156	39,530
Aragen Biotechnology Co. receivable	6	1,200,000	-
Trade receivables	9	-	60,500
Current accounts at bank		265,777	34,987
Total Current Assets		1,548,933	237,758
TOTAL ASSETS		9,507,067	6,167,831
EQUITY AND LIABILITIES			
Equity			
Capital		6,180,371	6,180,371
Statutory reserve	10	346,839	28,443
Retained earnings (accumulated losses)		2,309,358	(476,690)
Net Equity		8,836,568	5,732,124
Liabilities			
Non-Current Liabilities			
Loan	11	361,965	168,376
Current Liabilities			
Loan - current portion	11	216,000	83,360
Other credit balances	12	92,534	183,971
Total Current Liabilities		308,534	267,331
Total Liabilities		670,499	435,707
TOTAL EQUITY AND LIABILITIES		9,507,067	6,167,831
Off-balance sheet account			
Notes receivables to repay a debt		3,000,000	-

The accompanying notes form part of these financial statements

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

Consolidated statement of comprehensive income for the year ended December 31, 2018

	Notes	2018	2017
		JD	JD
Gain from compensation of Aragen case	6	3,356,716	-
Other revenues	13	132,701	1,694
Administrative expenses	14	(319,666)	(185,126)
Losses of financial assets at fair value through profit or loss	15	(4,807)	(26,437)
Profit (loss)		**3,164,944**	**(209,869)**
Basic earning per share from profit (loss)	16	JD -\512	JD (-\034)

The accompanying notes form part of these financial statements

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

Consolidated statement of changes in equity for the year ended December 31, 2018

	Capital	Statutory reserve	Retained earnings (accumulated loss)	Net equity
	JD	JD	JD	JD
Balance as at January 1, 2017	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**
Effect of applying IFRS (9) as at January 1, 2018	-	-	(60,500)	(60,500)
Balance as at January 1, 2018 - adjusted	**6,180,371**	**28,443**	**(537,190)**	**5,671,624**
Profit	-	-	3,164,944	3,164,944
Statutory reserve	-	318,396	(318,396)	-
Balance as at December 31, 2018	**6,180,371**	**346,839**	**2,309,358**	**8,836,568**

The accompanying notes form part of these financial statements

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

Consolidated statement of cash flows for the year ended December 31, 2018

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES	JD	JD
Profit (loss)	3,164,944	(209,869)
Adjustments for :		
Depreciation	5,200	5,200
Gain on sale of property and equipment	(18,000)	-
Change in fair value of financial assets at fair value through profit or loss	4,700	35,526
Contingent judical obligation expense	15,993	-
Chairman board of directors' payable recovery	(114,701)	-
Change in operating assets and liabilities:		
Aragen Biotechnology Co. receivable	(3,000,000)	-
Financial assets at fair value through profit or loss	71,041	112,252
Other debit balances	(16,626)	(29,323)
Other credit balances	7,271	43,513
Net cash from operating activities	**119,822**	**(42,701)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(376,545)	(542,565)
Proceeds from sale of property and equipment	18,000	-
Investment in an associate	143,284	-
Net cash from investing activities	**(215,261)**	**(542,565)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan	326,229	251,736
Bank overdraft	-	(2,350)
Net cash from financing activities	**326,229**	**249,386**
Net change in cash and cash equivalents	**230,790**	**(335,880)**
Cash and cash equivalents - beginning of year	34,987	370,867
Cash and cash equivalents - end of year	**265,777**	**34,987**

The accompanying notes form part of these financial statements

1. **Legal status and activities**

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

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

- The financial statements were approved by the boards of directors in its session number (1/2019) held on March 20, 2019 and requires the approval of the general assembly of shareholders.

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

2-1 Basis for financial statement preparation

- <u>Financial statements preparation framework</u>

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

- <u>Measurement bases used in preparing the financial statements</u>

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

- <u>Functional and presentation currency</u>

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

2-2 Using of estimates

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

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

<u>New and modified standards adopted by the entity</u>

- International Financial Reporting standers no. (9).

IFRS (9) replaced "incurred losses" model under IAS (39) with "Expected credit losses" impairment model.

The new impairment model require the entity to calculate the expected credit losses and the changes in expected credit losses at each reporting date, in other words, its no longer require a credit event to have occurred before credit losses are recognized.

IFES (9) require the entity to recognize expected credit losses on debts instruments measured at mortised cost or at fair value through other comprehensive income, but not for other debts instruments and equity investments which are subsequently measured at fair value through profit or loss.

- International Financial Reporting standards no. (15) "Revenues from contracts with customers"

International Financial Reporting Standard no. (15) Issued on May 2014, which establishes a comprehensive model for the use of accounting for revenues from customers, IFRS (15) replaces the guidance of current revenue recognition including IAS (18) "revenues" and IAS (11) "construction contracts" and the related interpretations as of January 1, 2018.

The core principle of IFRS (15) is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard present a five-step model to recognize revenue:

Step 1: Identify the contract (s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

According to IFRS (15) the entity recognizes revenues when (or as) it satisfies a performance obligation by transferring "control" of the promised goods or services based on the specific performance obligation to the customer. More mandatory requirements have been added to the standard to deal with different cases, and also the standard requires comprehensive disclosures.

<u>**Standards and Interpretations issued but not yet effective**</u>

Standard or Interpretation No.	**Description**	**Effective date**
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, 2021 or after
IFRIC No. (23)	Uncertainty over income tax treatments.	Jan 1, 2019 or after

2-4 Summary of significant accounting policies

- <u>Basis of consolidation</u>

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

- Property and equipment

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

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

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

- Investment property

  - Investment property is property (land or building- or part of a building- or both):
    - Held by the entity to earn rentals,
    - For capital appreciation, or both, rather than for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.
  - Investment property is measured initially at its cost, including transaction costs.
  - After initial recognition, investment property is carried, in the statement of financial position, at its cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.
  - Buildings depreciation charge for each period is recognized in the statement of comprehensive income. Depreciation is calculated on a straight line basis, which reflects the pattern in which the buildings' future economic benefits are expected to be consumed by the entity over their estimated useful life of 25 years.
  - The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
  - The carrying values of investments property are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
  - On the subsequent derecognition (sale or retirement) of the investment property, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

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

- **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, if the entity holds 20 percent or more of the voting power of the investee, it is presumed that the entity has signified influence.
  - 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.
  - The investor's share of those changes is recognized in other comprehensive income of the investor.

- **Financial instruments**

  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, but for financial assets at fair value through profit or loss, transaction costs are recognized in profit or loss.

- Financial assets are classified to three categories as follows:
  - Amortized cost.
  - Fair value through other comprehensive income.
  - Fair value through profit or loss.

Subsequent measurement of financial assets

Subsequently financial assets are measured as follows:

Financial assets	Subsequent measurement
Financial assets at fair value through profit or loss	Are subsequently measured at fair value net gains or losses, including interests revenues or dividends, are recognized in profit or loss

Derecognition of financial assets

Derecognition of financial assets (or a part of a group of similar financial assets) when:

- The contractual rights to the cash flow from the financial assets expire, or
- It transfers the contractual rights to receive the cash flows of the financial assets or assume a contractual obligation to pay the cash flows entirely to a third party.

- 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 less 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.

- Offsetting financial instruments

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

- Cash and cash equivalents

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

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

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

- **Basic earnings per share**

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

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

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

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

3. Property and equipment

2018	Apartment	Vehicles	Furniture and decoration	Project under construction (*)	Total
	JD	JD	JD	JD	JD
Cost					
Balance - beginning of year	260,000	93,550	66,468	4,906,388	5,326,406
Additions	-	-	-	376,545	376,545
Disposals	-	(82,000)	-	-	(82,000)
Balance - end of year	260,000	11,550	66,468	5,282,933	5,620,951
Accumulated depreciation					
Balance - beginning of year	46,858	93,549	66,467	-	206,874
Depreciation	5,200	-	-	-	5,200
Disposals	-	(82,000)	-	-	(82,000)
Balance - end of year	52,058	11,549	66,467	-	130,074
Net	207,942	1	1	5,282,933	5,490,877
2017					
Cost					
Balance - beginning of year	260,000	93,550	66,468	4,363,823	4,783,841
Additions	-	-	-	542,565	542,565
Balance - end of year	260,000	93,550	66,468	4,906,388	5,326,406
Accumulated depreciation					
Balance - beginning of year	41,658	93,549	66,467	-	201,674
Depreciation	5,200	-	-	-	5,200
Balance - end of year	46,858	93,549	66,467	-	206,874
Net	213,142	1	1	4,906,388	5,119,532

(*) This item includes finance costs amounted JD 29,615 as at December 31, 2018.

4. Investment property

The market value for investment lands amounted JD 680,410 as per the real estate expert's valuation as at February 23, 2019 with an increase of JD 13,153.

5. Related parties

(a) Transactions with related parties represent transactions with parent company's subsidiaries.
(b) Movement for investment in associate during the year is as follows:

	2018	2017
	JD	JD
Balance - beginning of year	143,284	143,284
Sale during the year	(143,284)	-
Balance - end of year	-	143,284

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

6. Aragen Biotechnology Co. receivable

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

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

7. Financial assets at fair value through profit or loss

	2018	2017
	JD	JD
Balance - beginning of year	102,741	250,519
Sale during the year	(71,041)	(112,252)
Change in fair value	(4,700)	(35,526)
Balance - end of year	27,000	102,741

8. Other debit balances

	2018	2017
	JD	JD
Other	15,000	3,430
Refundable deposits	14,390	13,800
Work advances	13,496	4,251
Prepaid expenses	8,077	4,200
Advance payments to suppliers	3,510	-
Income and Sales Tax Department deposits	1,543	1,543
Employee receivable	140	-
Brokers receivables	-	12,306
Total	**56,156**	**39,530**

9. Trade receivables

	2018	2017
	JD	JD
Trade receivables	60,500	60,500
Allowance for expected credit losses (*)	(60,500)	-
Net	-	60,500

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

	2018	2017
	JD	JD
Effect of applying IFRS (9)	60,500	-
Total	60,500	-

10. Statutory reserve

Parent Company - Public Shareholding Company

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

Subsidiary Company - Limited Liability Company

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

11. 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 November 16, 2018 and the last will be due on March 16, 2023 the loan was granted by the financial position of the company.

12. Other credit balances

	2018	2017
	JD	JD
Contractor payables	28,500	-
Judical payable	21,256	-
Sales and Income Tax Department deposits	15,200	50
Due to a member of board of directors	15,000	-
Accrued expenses	10,400	8,700
Other	2,178	2,001
Due to chairman board of directors'	-	114,701
Contractor retentions	-	58,519
Total	**92,534**	**183,971**

13. Other revenues

	2018	2017
	JD	JD
chairman board of directors' payable recovery	114,701	-
Gain on sale of property and equipment	18,000	-
Bank interest revenue, net	-	1,694
Total	132,701	1,694

14. Administrative expenses

	2018	2017
	JD	JD
Judicial expenses	162,936	20,728
Salaries and wages and related benefits	55,875	90,600
Professional fees	26,300	14,360
Contingent judicial obligation expense	15,993	-
Water and electricity	13,776	2,402
Subscriptions and licenses	12,329	13,647
Social security contribution	6,927	12,911
Depreciation	5,200	5,200
Vehicles expenses	4,265	1,137
Security	3,150	-
Cleaning	2,596	1,685
Communication	2,403	2,941
Maintenance	2,387	2,838
Insurance	2,171	2,487
General assembly meeting expenses	1,456	2,548
Miscellaneous	577	517
Advertisements	385	773
Hospitality	362	275
Stationery and printings	297	213
Bank interests and commissions	281	-
Computer	-	1,064
Fines	-	8,800
Total	**319,666**	**185,126**

15. Loss of financial assets at fair value through profit or loss

	2018	2017
	JD	JD
Distributed dividends	1,015	8,399
(Loss) gain on sale of financial assets	(1,122)	690
Financial assets revaluation losses	(4,700)	(35,526)
Total	**(4,807)**	**(26,437)**

16. Basic earning per share from profit (loss)

	2018	2017
	JD	JD
Profit (loss)	3,164,944	(209,869)
Weighted average number of share	6,180,371	6,180,371
Basic earning per share from proft (loss)	JD -/512	JD (-/034)

17. Tax status

<u>Parent</u>
Sales and income tax status has not been settled for 2015, 2016 and 2017. According to the management and tax consultant's opinions, there is no need to take any provisions.

<u>Subsidiary</u>

Sales and income tax status has been settled until 2017. According to the management and tax consultant's opinions, there is no need to take any provisions.

18. Risk management

a) <u>Capital risk:</u>

- 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) <u>Currency risk:</u>

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

c) <u>Interest rate risk:</u>

- 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, 2018	Change in interest		Effect on profit (loss) and equity
	%		JD
Loan	0.5	±	2,890

d) Other price risk:

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

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

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

e) Credit risk:

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

f) Liquidity risk:

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

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

Description	Less than a year		More than a year	
	2018	2017	2018	2017
Assets	JD	JD	JD	JD
Investment in an associate	-	-	-	143,284
Aragen Biotechnology Co. receivable	1,200,000	-	1,800,000	-
Financial assets at fair value through profit or loss	27,000	102,741	-	-
Other debit balances	44,569	35,330	-	-
Trade receivables	-	60,500	-	-
Current accounts at bank	265,777	34,987	-	-
Total	1,537,346	233,558	1,800,000	143,284
Liabilities				
Loan	216,000	83,360	361,965	168,376
Other credit balances	92,534	183,971	-	-
Total	308,534	267,331	361,965	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	5,341,233	5,215,069	(23,836)

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, 2018	Levels	
	1	Total
Financial assets	JD	JD
Financial assets at fair value through profit or loss	27,000	27,000

21. Reclassification

Some of 2017 balances has been reclassified to make them align with the classification used in 2018.