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بجوراء
السيد عمر
د. شحاته
ع. شحاته


29 April 2019

Messrs,
Al Salhia for Investment and Real Estate Development
Amman - Jordan

Dear Sir,

Enclosed please find three copies of the interim condensed financial statements for the period ended 31 March 2019, together with our review report.

Yours sincerely,
Ernst & Young/ Jordan

By: 
Osama Shakhathreh

AL SALHIA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2019



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**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF AL SALHIA FOR INVESTMENT AND REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed financial statements of Al Salhia for Investment and Real Estate development (previously Al-Kindi Pharmaceutical manufacturing Public Shareholding Company) as of 31 March 2019, comprising of the interim statement of financial position as at 31 March 2019 and the related interim statements of comprehensive income, changes in equity and cash flows for the three months period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the independent Auditor of the Entity". A review of Interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of a matter

Without qualifying our conclusion, We draw attention to Note 1 to the interim condensed financial statements, the Company had changed its name and objectives during the year 2018 in an effort to acquire operations and start generating revenue. However, the Company still did not initiate any new business activities up to the date of these interim financial statements. These events indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as going concern is dependent on starting its new activities.

Amman – Jordan
29 April 2019

**AL SALHIA FOR REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2019**

	<u>Notes</u>	<u>31 March 2019</u> JD (Unaudited)	<u>31 December 2018</u> JD (Audited)
<u>ASSETS</u>			
Non-Current Assets -			
Property and equipment		2,798	2,879
Current Assets -			
Other debit balances		211,188	210,616
Cash on hand and at banks	3	427,132	449,446
		<u>638,320</u>	<u>660,062</u>
Total Assets		<u><u>641,118</u></u>	<u><u>662,941</u></u>
<u>EQUITY AND LIABILITIES</u>			
Equity attributable to shareholders -			
Paid in capital	1	572,509	572,509
Statutory reserve		16,915	16,915
Accumulated losses		<u>(23,046)</u>	<u>(6,473)</u>
Total Equity		<u>566,378</u>	<u>582,951</u>
Current liabilities -			
Other credit balances		<u>74,740</u>	<u>79,990</u>
Total liabilities		<u>74,740</u>	<u>79,990</u>
Total Equity and Liabilities		<u><u>641,118</u></u>	<u><u>662,941</u></u>

The attached notes from 1 to 8 form part of these interim condensed financial statements

**AL SALHIA FOR REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)**

	<u>Note</u>	<u>31 March 2019</u> JD	<u>31 March 2018</u>
Administrative expenses		(19,736)	(18,655)
Other income		<u>3,163</u>	<u>401</u>
Loss for the period		(16,573)	(18,254)
Add: Other comprehensive income items		-	-
Total comprehensive income for the period		(16,573)	(18,254)
		<u>Fils/JD</u>	<u>Fils/JD</u>
Basic and Diluted earnings per share from the loss for the period	6	<u>(0/029)</u>	<u>(0/032)</u>

The attached notes from 1 to 8 form part of these interim condensed financial statements

**AL SALHIA FOR REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)**

	<u>Paid in capital</u>	<u>Statutory Reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
	JD	JD	JD	JD
For the three months ended in 31 March 2019-				
Balance as of 1 January	572,509	16,915	(6,473)	582,951
Total comprehensive Income for the period	-	-	(16,573)	(16,573)
Balance as of 31 March 2019	<u>572,509</u>	<u>16,915</u>	<u>(23,046)</u>	<u>566,378</u>
For the three months ended in 31 March 2018-				
Balance as of 1 January	572,509	16,915	71,143	660,567
Total comprehensive Income for the period	-	-	(18,254)	(18,254)
Balance as of 31 March 2018	<u>572,509</u>	<u>16,915</u>	<u>52,889</u>	<u>642,313</u>

The attached notes from 1 to 8 form part of these interim condensed financial statements

**AL SALHIA FOR REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)**

	<u>Note</u>	<u>31 March 2019</u>	<u>31 March 2018</u>
		JD	JD
<u>OPERATING ACTIVITIES</u>			
Loss for the period		(16,573)	(18,254)
Adjustments for:			
Depreciation		81	81
Working capital changes			
Other debit balances		(572)	-
Other credit balances		(5,250)	733
Net cash flows used in operating activities		<u>(22,314)</u>	<u>(17,440)</u>
Net decrease in cash and cash equivalents		(22,314)	(17,440)
Cash and cash equivalents, beginning of the period		449,446	528,764
Cash and cash equivalents, end of the period		<u>427,132</u>	<u>511,324</u>

The attached notes from 1 to 8 form part of these interim condensed financial statements

**AL SALHIA FOR REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2019 (UNAUDITED)**

(1) GENERAL

Al Kindi for Pharmaceutical Industries was established as a public shareholding company during 1997, The Company's main objectives are producing medical, chemical, pharmaceutical products and cultivation of medicinal plants.

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

In its extraordinary meeting held on 29 December 2016, the General Assembly decided to approve the write off of the Company's accumulated losses as of 31 December 2015 amounting to JD 13,809,525 through the decrease in the Company's capital. The company's paid-up and paid-in capital became JD 572,509.

The General Assembly decided in its extraordinary meeting held on 28 April 2019 to the legal status of the company from a public shareholding company to a private shareholding company. The legal procedures to fulfill this decision were not completed up to the date of these financial statements. The company still did not initiate any new business activities up to the date of these interim condensed financial statements.

The Board of Directors approved the financial statements on 29 April 2019.

(2) BASIS OF PREPARATION

The accompanying condensed interim financial information have been prepared as of 31 March 2019 in accordance with the International Accounting Standard (IAS) 34 "interim financial reporting".

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

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

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the annual financial statements as of 31 December 2018. In addition, the results for the three months ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018 except for the adoption of new standards effective as of 1 January 2019 shown below:

IFRS 16 Leases

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

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

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

The standard do not have any material impact on the interim condensed financial statements for the Company.

a) Nature of the effect of adoption of IFRS 16

The Company has lease contract for the company's building equipment. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Prepayments and Trade and other payables, respectively.

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

The rent expense for short term contracts recognized in the interim condensed statement of comprehensive income for the period ended 31 March 2019 amounted to JD 825.

Short-term leases and leases of low-value assets

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

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

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

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

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

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

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

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

Amendments to IFRS 9: Prepayment Features with Negative Compensation

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

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

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

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

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

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

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

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

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

(3) CASH ON HAND AND AT BANKS

This item consists of the following:

	31 March 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
Current accounts	7,100	29,421
Deposit*	420,000	420,000
Cash on hand	32	25
	<u>427,132</u>	<u>449,446</u>

*This item represents time deposits in Jordanian Dinars which are held at Banks with maturities ranges from one to three months and bears an annual Murabaha rate of 2.2% during 2019 (2018: 2.4%).

(4) INCOME TAX

No provision for income tax was calculated for the periods ended 31 March 2019 and 31 March 2018 due to excess of carried forward tax losses over taxable income in accordance with Income Tax Law No (38) of 2018 and No (34) of 2014 respectively.

The legal tax percentage for the Company in accordance with the new income tax law No.(38) of 2018 effective on 1 January 2019 is 20% in addition to 1% for the national solidarity account (2018: 20% in accordance with income tax law No.(34) of 2014.

AL SALHIA FOR REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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The Company submitted its declarations for the years 2017 to 2018 The Income and Sales Tax Department has not reviewed the records until the date of these interim condensed financial statements.

The company reached final settlement with the Income and Sales Tax Department up to the year 2016.

(5) RELATED PARTY TRANSACTIONS

Related parties represent sister companies, major shareholders and key management personnel of the Company and other companies where the directors or senior managers are principal owners.

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

	31 March 2019 JD (Unaudited)	31 December 2018 JD (Audited)
Accounts payable		
Accounts payable to Kuwait Finance House (Shareholder)	64,664	64,664

(6) EARNING PER SHARE

	31 March 2019 JD (Unaudited)	31 March 2018 JD (Unaudited)
Earnings per share from loss for the period		
Loss for the period (JD)	(16,573)	(18,254)
Weighted average number for shares (shares)	572,509	572,509
Earnings per share from loss for the period	(0/029)	(0/032)

The diluted earning per share is equal to the basic earning per share from the loss for the period.

(7) CONTINGENT LIABILITIES

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

AL SALHIA FOR REAL ESTATE DEVELOPMENT
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2019 (UNAUDITED)

(8) LEGAL RESERVES

The Company did not transfer to statutory reserve as required by the Jordanian Companies Law since these financial statements are interim condensed financial statements.