



General Investment Co. Ltd.

Abujaber Bldg. 188, Zahran Street
P.O. Box 8050 Amman 11121 Jordan
Tel. 962-6-2003344
Fax 962-6-2003345
Website: www.gicjo.com

التاريخ: 2020/06/15

الرقم: GIC 134/2020

السادة بورصة عمان المحترمين

عمان - الأردن

تحية واحتراماً وبعد ،،،

نرفق لكم القوائم المالية للشركة (قائمة المركز المالي، قائمة الدخل، قائمة الدخل الشامل، قائمة التغيرات في حقوق المساهمين، قائمة التدفقات النقدية) للفترة من تاريخ 2019/01/01 ولغاية الفترة 2019/12/31 باللغتين العربية والانجليزية.

وتفضلوا بقبول فائق الاحترام ،،،

شركة الاستثمارات العامة المساهمة المحدودة



بورصة عمان
الداخيرة الادارية والمالية
الديوان
١٦ حيرة ٢٠٢٠
الرقم المتسلسل: ١٩٥٥
رقم الملف: ٤١٠٢٩
الجهة المختصة: المدير العام

GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
DECEMBER 31, 2019

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 – 4
Consolidated Statement of Financial Position	5
Consolidated Statement of Income	6
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Changes in Shareholders' Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10 - 46

Independent Auditor's Report

AM/ 007319

To the Shareholders of
General Investment Company
(A Public Shareholding Company)
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of General Investment Company (A Public Shareholding Company) and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2019, and the consolidated statements of income and comprehensive income, consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended, and the 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 Group as of December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The accompanying consolidated financial statements are a translation of the original consolidated financial statements, which are in Arabic language, to which reference should be made.



Key Audit Matters

Key audit matters, in our professional judgment, are the most significant matters in our audit of the consolidated financial statements of the current year. 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.

We have performed the tasks mentioned in the auditor responsibility paragraph that is related to the audit of the consolidated financial statements, in addition to all matters related, therefore our audit comprehensively involves the performance of the procedures that were designed as a response to the risk of material misstatement of the consolidated financial statements.

The results of the performed audit procedures, including those related to the treatment of the items specified below provides basis for our opinion regarding the audit of the accompanied consolidated financial statements.

Valuation of Unquoted Securities

The group has investments in unquoted securities with a carrying amount of around 3 million as of December 31, 2019. These instruments are classified as financial assets at fair value through other comprehensive income.

As disclosed in Note 10, the valuation of investments in unquoted securities uses inputs other than observable market data and therefore are inherently subjective. It also requires significant judgement to be applied by management in determining the appropriate valuation methodology and the use of assumptions, for example future cash flows, discount rates, market risk adjustments etc. The valuations were performed by management of the Group.

Given the inherent subjectivity and judgment required in the valuation of unquoted investments, which are classified under level three of the fair value hierarchy, we determined this to be a key audit matter.

Scope of Audit to Address the Risk

We obtained an understanding of the process adopted by management to determine the fair value of unquoted securities.

We assessed the design and implementation of controls in the valuation of unquoted securities.

We agreed the valuations performed by management to the amount reported in the consolidated financial statements of the Group.

We assessed the valuation methodology and estimates used in the valuations through the experience of the audit team.

We agreed the inputs into the valuation to supporting documentation on a sample basis, where applicable.

We performed the arithmetical accuracy of the valuations.

We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Other Information

Management is responsible for other information which comprise of information stated in the annual report excluding the consolidated financial statements and the independent auditor's report thereon. Furthermore, we expect the annual report to be made available to us after the date of our audit report. Our opinion on the financial statements does not cover other information, and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information mentioned above when it becomes available to us. In doing so, we consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise contain a material misstatement.



Responsibilities of Management and Those Charged with Governance for the preparation of 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 necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's 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 ISA's, we exercise professional judgement 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 expressing an opinion on the effectiveness of the Group's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Deloitte.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's 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 safeguard procedures.

From the matters communicated with those charged with governance, we determine those matters of most significance in the audit of the consolidated financial statements of the current year, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude 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 Group maintains proper accounting records, duly organized and in line with the accompanying consolidated financial statements from all material respects, and we recommend their approval by the General Assembly of Shareholders.

Amman – Jordan
May 11, 2020

Deloitte & Touche (M.E.) – Jordan



GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31,	
		2019	2018
		JD	JD
<u>ASSETS</u>			
Current Assets:			
Cash on hand and balances at banks	5	2,766,769	537,065
Cheques under collection	6	455,782	22,159
Accounts receivable - net	7	2,349,920	1,457,424
Due from related parties - net	26	141,683	2,016,239
Inventory - net	8	3,425,530	2,857,272
Right of use assets -short term		19,939	-
Other debit balances	9	677,414	893,925
Total Current Assets		9,837,037	7,784,084
Non-Current Assets:			
Financial assets at fair value through comprehensive income	10	11,503,380	13,910,190
Financial assets at amortized cost	11	110,000	610,000
Property and equipment - net	12	6,699,314	6,359,985
Intangible assets - net	13	62,224	62,308
Deferred tax assets	17	118,514	92,738
Investment property	14	273,592	278,850
Right of use assets - long term		14,954	-
Total Non-current Assets		18,781,978	21,314,071
TOTAL ASSETS		28,619,015	29,098,155
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>Liabilities:</u>			
Current Liabilities:			
Payables and other credit balances	15	2,088,700	1,849,504
Due to related parties	26	772,098	433,786
Income tax provision	17	432,383	228,563
Other current liabilities	16	574,059	616,316
Obligation against lease agreement-short term	18	23,805	31,740
Right of use liabilities - short term		3,190	-
Total Current Liabilities		3,894,235	3,159,909
Obligation against lease agreement-long term	18	-	23,811
Right of use liabilities - long term		17,617	-
Total Non-Current liabilities		17,617	23,811
Total Liabilities		3,911,852	3,183,720
<u>Shareholders' equity:</u>			
Paid-up capital	19.a	10,000,000	10,000,000
Statutory reserve	19.b	6,261,251	5,914,384
Voluntary reserve	19.c	2,155,018	2,155,018
Financial assets at fair value valuation reserve	19.d	1,094,547	3,501,357
Retained earnings	19.e	5,196,347	4,343,676
Total Shareholders' Equity		24,707,163	25,914,435
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		28,619,015	29,098,155

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED
FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH
ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF INCOME

	Note	For the Year Ended	
		December 31,	
		2019	2018
		JD	JD
Net sales	28	<u>11,699,191</u>	<u>10,245,026</u>
Cost of Sales:			
Finished goods - beginning of the year	8	455,877	358,254
Cost of production	20	6,849,487	7,086,630
Finished goods - end of the year	8	<u>(903,414)</u>	<u>(455,877)</u>
Cost of Sales		<u>6,401,950</u>	<u>6,989,007</u>
Gross Profit		5,297,241	3,256,019
<u>Less:</u> Selling and distribution expenses	21	(1,352,626)	(1,262,194)
General, administrative and financial expenses	22	(1,508,145)	(1,170,094)
Provision for slow-moving inventory	8	-	(230,000)
Expected credit loss provision	7 & 26	(224,623)	(58,832)
Lawsuits provision		<u>-</u>	<u>(11,000)</u>
Net Income from Operations		2,211,847	523,899
Investment revenue and net other revenue	23	764,364	769,912
Other expenses	24	<u>(85,108)</u>	<u>(71,231)</u>
Income for the Year before Tax		2,891,103	1,222,580
Income tax provision	17	<u>(491,565)</u>	<u>(194,348)</u>
Income for the Year		<u>2,399,538</u>	<u>1,028,232</u>
Earnings per Share - Basic and Diluted	25	<u>24%</u>	<u>10%</u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED
FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH
ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended	
	December 31,	
	2019	2018
	JD	JD
Profit for the year	2,399,538	1,028,232
<u>Other Comprehensive Income Items that</u>		
<u>will not be reclassified subsequently to the statement of income:</u>		
Net (loss) from the revaluation of financial assets at fair value through		
other comprehensive income	<u>(2,406,810)</u>	<u>321,755</u>
Total Other Comprehensive Income Items	<u>(2,406,810)</u>	<u>321,755</u>
Total Comprehensive Income for the Year	<u><u>(7,272)</u></u>	<u><u>1,349,987</u></u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED
FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH
ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Paid-up Capital	Statutory Reserve	Voluntary Reserve	Financial Assets at Fair Value	Retained Earnings*	Total Shareholders' Equity
		JD	JD	JD	JD	JD	JD
For the Year Ended December 31, 2019							
Balance - beginning of the year		10,000,000	5,914,384	2,155,018	3,501,357	4,343,676	25,914,435
Profit for the year		-	-	-	-	2,399,538	2,399,538
Gain from the revaluation of financial assets at fair value through other comprehensive income		-	-	-	(2,406,810)	-	(2,406,810)
Total Comprehensive Income		-	-	-	(2,406,810)	2,399,538	(7,272)
Transferred to reserve		-	346,867	-	-	(346,867)	-
Dividends	19.e	-	-	-	-	(1,200,000)	(1,200,000)
Balance - End of the Year		10,000,000	6,261,251	2,155,018	1,094,547	5,196,347	24,707,163
For the Year Ended December 31, 2018							
Balance - beginning of the year		10,000,000	5,792,126	2,155,018	3,179,602	4,637,702	25,764,448
Profit for the year		-	-	-	-	1,028,232	1,028,232
(Loss) from the revaluation of financial assets at fair value through other comprehensive income		-	-	-	321,755	-	321,755
Total Comprehensive Income		-	-	-	321,755	1,028,232	1,349,987
Transferred to reserve		-	122,258	-	-	(122,258)	-
Dividends	19.e	-	-	-	-	(1,200,000)	(1,200,000)
Balance - End of the Year		10,000,000	5,914,384	2,155,018	3,501,357	4,343,676	25,914,435

* The retained earnings consist of JD 118,514 as of December 31, 2019 restricted against deferred tax assets (JD 92,738 as of December 31, 2018)

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31,	
		2019	2018
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year before tax		2,891,103	1,222,580
Adjustments:			
Expected credit loss (accounts receivable and due from related parties)	7 & 26	224,623	58,832
Provision for slow-moving inventory	8	-	230,000
Depreciation of property and equipment	12	927,821	979,888
Depreciation of investment property	14	5,859	6,012
Amortization of Intangible assets	13	21,799	15,924
Net bank Interest income	23	(29,988)	(120,988)
Dividends distributed from securities	23	(726,249)	(624,988)
(Gain) from the sale of property and equipment	23	(7,000)	(1,500)
Net Cash Flows from Operating Activities before Changes In Working Capital		3,307,968	1,765,760
(Increase) in cheques under collection		(433,623)	(17,235)
(Increase) in accounts receivable		(1,057,119)	(1,171,283)
Decrease (Increase) in due from related parties		1,814,556	(400,010)
(Increase) in inventory		(568,258)	(341,272)
Decrease (increase) in other debit balances		202,425	(83,280)
(Decrease) in payables and other credit balances		(97,633)	(307,583)
Increase (decrease) in due to related parties		338,312	(60,149)
(Decrease) increase in other current liabilities		(42,257)	25,494
Net Cash Flows from (used in) Operating Activities before Income Tax Paid		3,464,371	(589,558)
Income tax paid	17	(313,521)	(250,912)
Net Cash Flows from (used in) Operating Activities		3,150,850	(840,470)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) of property and equipment	12	(1,267,150)	(571,490)
Proceeds from the sale of property and equipment		7,000	1,500
(Purchase) of intangible assets	13	(21,715)	(39,121)
(Purchase) of investment property		(601)	-
(Purchase) of financial assets at fair value through other comprehensive income		-	(677,309)
Maturity of (purchase) financial assets at amortized cost		500,000	(610,000)
Bank Interest received		29,988	120,988
Dividends distributed from securities	23	726,249	624,988
Net Cash Flows (used in) Investing Activities		(26,229)	(1,150,444)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Paid dividends		(863,171)	(876,681)
Increase in obligation against lease agreement-long term		(31,746)	(31,743)
Net Cash Flows (used in) Financing Activities		(894,917)	(908,424)
Net Increase (Decrease) in Cash		2,229,704	(2,899,338)
Cash on hand and balances at banks - beginning of the year		537,065	3,436,403
Cash on Hand and balances at Banks - End of the Year	5	2,766,769	537,065
Non- Cash Transaction:			
Increase in Right of Use Asset		(34,893)	-
Increase in Right of Use Liabilities		20,807	-

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED
FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH
ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General

- a. General Investment Company was established and registered at the Ministry of Industry and Trade as a public shareholding limited Company under No. (117) on November 26, 1977, in accordance with the Companies Law No. (13) For the year 1964. The Company has increased its capital, on several stages, to reach 10 million shares at a par value of JD 1 per share.
- b. The Company's headquarters is located in Amman, and its address is: Abu Jabber's Building, Zahran Street, Jabal Amman, Amman, and B.O. Box 8050, Amman 11121 Jordan.
- c. On July 16, 2007, the Company obtained the approval of the Ministry of Industry and Trade to merge the Arabian Beer Factory with the Company noting that, the General Assembly of Shareholders agreed to merge the two Companies on October 15, 2006, and the Company's shares were returned for trading on Amman Stock Exchange on May 28, 2008. In addition, the registration of the Arabian Beer Factory Company as regards to the general and private sales tax was canceled as of February 28, 2008. Based on the decision of the Board of Directors, in their meeting No. (135) dated July 8, 2008, the actual merger of the accounts took place on January 1, 2008.
- d. The Company's objectives are to conduct all industrial activities, real estate activities, and any other related investing activities that aim to make profit, including the following:
 1. To carry out the production, manufacturing and distribution of regular refreshments, soft drinks, mineral water, beer, malt, ice, carbon dioxide; and to import any complementary raw materials.
 2. To own and use any trademarks, invention rights, or royalties, as the Company deems appropriate, to accomplish its objectives.
 3. To own and manage movable and immovable properties provided that acquisition of land is not intended for trade or gain purposes.
 4. To conduct commercial, manufacturing and agricultural business, as the Company deems necessary, to achieve its objectives.
- e. The Company sells its products in the local market through their local exclusive distributor; Saed Abu Jaber Company (A shareholder). During the year, the agreement with Saed Abu Jaber and Sons Company was terminated. The Company became the main distributor of all its products. A final settlement has not been reached in relation to the distribution agreement settled previously until the date of the accompanying consolidated financial statements.
- f. The Company manufactures some of its products under a franchise agreement with Heineken - Holland (a shareholder), in addition to Henninger - Germany for a specific franchise fee, granting the Company the exclusive franchise to use trademarks in geographical areas designated for the sale of some products produced.

The agreement obligates the Company to market some of its produced products according to the franchise agreement and to an annual marketing plan that aims to increase sales and to meet demand appropriately.
- g. The accompanying consolidated financial statements were approved by the Board of Directors on April 27, 2020, and are subject to the approval of the General Assembly of shareholders.

2. Significant Accounting Policies

Basis of Consolidation

- The consolidated financial statements comprise the consolidated financial statements of the Company and its subsidiary where the Company holds control over the subsidiary. The control exists when the Company controls the subsidiary significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All balances, transactions, income and expenses between the Company and the subsidiary are eliminated.
- The consolidated financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. If different accounting policies were applied by the subsidiary, adjustments shall be made on their consolidated financial statements in order to comply with those of the Company.
- The subsidiary is consolidated in the consolidated statement of income from the date of acquisition which is the date on which control is transferred to the Company. The results of subsidiary acquired or disposed of during the year is included in the consolidated statement of income from the date of acquisition and up to the date of disposal, as appropriate.
- During 2017, The Company established "Al-Motamizeh for Distribution and agencies" (A limited liability Company) in Amman-Jordan with a paid capital of JD 30,000 distributed among 30,000 shares, fully owned by the Company. The registration with the regulatory authorities was finalized on January 12, 2017. During the year 2018 the holding Company has increased the paid up capital of the subsidiary by JD 45,000 to reach paid up capital JD 75,000.

The main objectives of the subsidiary are export, import, distribution, wholesale and retail trade in food, consumables and the trade of carbonated drinks, and import, export and distribute cosmetics, and trade sterilizers and detergents, as well as renting possess the warehouses necessary to store goods in addition to general trade.

As follows information regarding the subsidiary:

	December 31, 2019	December 31, 2018		For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
	JD	JD		JD	JD
Total assets	783,302	339,651	Total revenue	604,821	128,227
Total liabilities	1,393,791	372,405	Total expense	1,182,556	303,875
Net assets	(610,489)	(32,754)	(Loss) for the year	(577,735)	(175,648)

Basis of Preparation of the Consolidated Financial Statements

- The consolidated financial statements have been prepared in accordance to the International Financial Reporting Standards and their related interpretations.
- The consolidated financial statements of the Company are presented in Jordanian Dinar, which is also its functional currency.
- The consolidated financial statements have been prepared according to the historical cost convention except for financial assets at fair value through other comprehensive income which are stated at fair value at the date of consolidated financial statements.
- The accounting policies adopted in this year are consistent with those applied in the year ended December 31, 2018, except for the effect of adopting the new and modified standards stated in Note (3/a) and (3/b).

The following are the most significant accounting policies adopted by the Company:

Inventory

Finished goods are stated at cost (using the first - in, first - out method) or net realizable value, whichever is lower, net of provision for expired and slow-moving items, Cost includes; raw materials cost, direct labor and other manufacturing overheads. Net realizable value represents the estimated selling price less all estimated completion costs and costs to be incurred in marketing, selling and distribution.

Intangible Assets

Intangible assets are stated at cost and classified on the basis of useful life estimates for a definite or an indefinite period. Intangible assets with definite useful lives are amortized over their useful lives and charged to the consolidated statement of income, Intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date, and impairment loss is charged to the consolidated statement of income.

No capitalization of intangible assets resulting from the Company's operations is made, they are charged to the consolidated statement of income in the year incurred.

Any indication of impairment in the value of intangible assets as of the date of the consolidated financial statements is reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustments are made in the subsequent period.

Systems and programs are amortized over their estimated useful lives at a rate of 25%.

Property and Equipment

Property and equipment are stated at cost and depreciated (except for land), using the straight-line method at annual rates ranging from 2% to 25%.

When the expected recoverable amount of any property and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is taken to the consolidated statement of income.

Property and equipment's useful lives are reviewed at the end of each year and if the expected useful life differs from the previous estimate, the difference is recorded in subsequent years as a change in accounting estimates.

Property and equipment are disposed of when there are no expected future benefits from its use or its disposal.

Foreign Currencies

For the purpose of the consolidated financial statements, the results and financial position of each group Company are expressed in the functional currency of the Company, and the presentation currency for the consolidated financial statements.

A separate financial statements for the subsidiary are prepared and it's financial statement are presented in the currency of the primary economic environment in which it operates (its functional currency). Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not reclassified.

Exchange differences are recognised in consolidated statement of income in the period in which they arise except for:

- Exchange differences on transactions entered into to hedge certain foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to consolidated statement of income on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the company's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a separate component of equity.

Revenue Recognition

The Company recognizes revenue mainly from sale of goods (Alcoholic beverages and Carbonated beverages).

Revenue is measured based on the consideration to which the Company expects to be entitled (net after returns and discounts) in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product or service to a customer, being when the goods have been shipped to the specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

If customers have a right of return, at the point of sale, a refund liability and a corresponding adjustment to revenue is recognized for those products expected to be returned. At the same time, the Company has a right to recover the product when customers exercise their right of return so consequently recognizes a right to returned goods asset and a corresponding adjustment to cost of sales. The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognized will not occur given the consistent level of returns over previous years. Free of charge goods are recognized in the cost of sales.

Interest Income and Expenses

Interest income and expense for all financial instruments are recognized in the consolidated statement of income using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

Financial Instruments

Financial assets and financial liabilities are recognized in the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial Assets

Financial assets are recognised in the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (except for financial assets at fair value through statement of income) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- 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 measured at fair value.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Financial assets at fair value through comprehensive income

- These financial assets represent investments in corporate stocks for the purpose of holding for long term and not for trading purposes.
- These financial assets are recognized at fair value plus acquisition expenses upon purchase and are subsequently re-evaluated at fair value. The change in the fair value is reflected in the consolidated statement of comprehensive income and within the shareholders equity, including the change in the fair value resulting from the differences in the transfer of items of non-monetary assets in foreign currencies, and in the event that these assets or part thereof are sold, the resulting profits or losses are taken to the consolidated statement of comprehensive income, and the balance of the investment valuation reserve for the equity instruments sold is transferred directly to the retained earnings and not through the consolidation statement of comprehensive income.
- Dividends are taken to the consolidated statement of income.
- These assets are not subject to impairment testing.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in consolidated statement of income.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Provision for expected credit loss

The Company has adopted the simplified approach to recognize expected credit losses over the life of its receivables as permitted by IFRS 9. Accordingly, non-impaired trade receivables that do not contain a significant financing component have been classified as part of stage 2 with the recognition of expected credit losses over their lifetime.

A provision for the expected credit loss should be recognized over the life of the financial instrument if the credit risk on that financial instrument increases substantially since the initial recognition and the expected credit loss is an expected weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the expectation of several future economic scenarios, discounted at the effective interest rate of the asset.

The Company assesses whether there is objective evidence of impairment on an individual basis for each asset of individual value and collectively for other assets that are not individually significant.

Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

Write off

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts past due for long periods where every client case is studied separately, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated statement of income.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of income.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through consolidated statement of income.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Trade and other payables classified as financial liabilities are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised based on effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of income.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as of the date of the consolidated statement of financial position as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the date of the consolidated statement of financial position, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Income tax

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations and instructions in Jordan.

Deferred taxes are taxes expected to be paid or recovered as a result of the temporary timing differences between the value of assets or liabilities in the consolidated financial statements and the value on the basis of which taxable income is calculated. Moreover, deferred taxes are calculated based on the liability method in the consolidated statement of financial position according to the tax rates expected to be applied upon the settlement of the tax liability or realization of the deferred tax assets and liabilities.

Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements, and reduced in case no benefit is expected to arise therefrom, partially or totally or when tax liabilities are recognized (if there was a possibility for it to happen).

Fair value

Fair value is defined as the a price at which an asset is to be sold or paid to convert any of the liabilities in a structured transaction between the market participants on the measurement date, irrespective of whether the price can be realized directly or whether it is estimated using another valuation technique. When estimating the fair value of an asset or liability, the Company takes into consideration when determining the price of any asset or liability whether market participants are required to take these factors into account at the measurement date. The fair value of the measurement and / or disclosure purposes in these consolidated financial statements is determined on the same basis, except for measurement measures that are similar to fair value procedures and are not fair value such as fair value as used in IAS 36.

In addition, fair value measurements are classified for the purposes of financial reporting to level (1) or (2) or (3) based on the extent to which the inputs are clear to fair value measurements and the importance of inputs to the full fair value measurements, which are identified as follows:

- Input Level (1) inputs derived from quoted (unadjusted) prices of identical assets or liabilities in active markets that the enterprise can obtain on the measurement date;
- Input level (2) inputs derived from data other than quoted prices used at level 1 and observable for assets or liabilities, either directly or indirectly; and;
- Input level (3) are inputs to assets or liabilities that are not based on quoted market prices.

Leases

Policy applicable from January 1, 2019

The Company as lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the modified lease contract date by discounting the revised lease payments using a revised discount rate at the actual price at the date of modification.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer's ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the consolidated statement of income.

The Company as lessor

The Company enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate consideration under the contract to each component.

Policy applicable up to December 31, 2018

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases contracts.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Company as lessee

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in consolidated income.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Impairment of Non-Financial Assets

At the reporting date, the Company assesses whether there is evidence that the asset has been impaired. If any evidence exists, or when an impairment test is required, the Company assesses the recoverable amount of the asset. The recoverable amount of the asset is the fair value of the asset or cash-generating unit less cost of sales and value in use whichever is higher and is determined for the individual asset, unless the asset does not generate substantially independent internal cash flows from those arising from other assets or assets of the Company. Where the carrying amount of the asset or cash-generating unit exceeds the recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In assessing the fair value used, future cash flows are discounted to their present fair value using a pre-tax discount rate that reflects current market assessments of the time value of funds and the risks specific to the asset. In determining fair value less cost of sales, recent transactions in the market are taken into consideration if available. If such transactions cannot be identified, the appropriate valuation model is used.

Offsetting

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

Investment Properties

Investment properties are stated at cost less accumulated depreciation (excluding land). These investments are amortized over their useful lives at rates of 2% to 15% per annum. Any impairment is recognized in the income statement and the operating income or expenses of these investments are recognized in the consolidation income statement.

3. Application of new and revised International Financial Reporting Standards

A. Amendments with no material effect on the consolidated financial statements of the Company:

The new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2019 or thereafter in the preparation of the Company's consolidated financial statements that did not materially affect the amounts and disclosures in the consolidated financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements.

New and Revised IFRS Standards

Annual Improvements to IFRS Standards 2015-2017

Amendments to New and Revised IFRS Standards

The Company has adopted the amendments included in the Annual Improvements to IFRS (3) Business Combinations, IFRS (11) Joint Arrangements, IAS (12) Income Taxes and IAS (23) Borrowing Costs :

IAS 12 Income Taxes

The amendments clarify that the Company should recognize the income tax consequences of dividends in income statement, other comprehensive income or equity according to where the Company originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

IFRS 3 Business Combinations

The amendments clarify that when the Company obtains control of a business that is a joint operation, the Company applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognized assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Company does not remeasure its previously held interest in the joint operation.

New and Revised IFRS Standards

IFRIC 23 Uncertainty over Income Tax Treatments

Amendments to New and Revised IFRS Standards

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- The effect of changes in facts and circumstances.

Amendments to IFRS 9 "financial instruments"

These amendments relate to the advantages of prepayment with negative compensation, as the current requirements of IFRS (9) have been modified in relation to termination rights to allow measurement of the amortized cost (or based on the business model, at fair value through other comprehensive income) even in case of negative compensation payments.

Amendments to IAS 28 Investment in Associates and Joint Ventures

These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Amendments to IAS 19 Employee Benefits Plan

The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements.

B. Amendments with material effect on the consolidated financial statements of the Company:

IFRS 16 Leases

The Company has adopted IFRS (16), "Leases", which replace the existing guidelines on leases, including IAS (17) "Leases", IFRIC (4) "Determining whether an arrangement contains a lease" and the interpretation of the previous Interpretations Committee (15) "Operational leases - incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease."

IFRS (16) was issued in January 2016 and is effective for annual periods commencing on or after January 1, 2019. IFRS (16) stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Company's financial Position, unless the term is 12 months or less or the lease is for low value asset. Thus, the classification required under IAS (17) "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

The Company has opted check this for the simplified application permitted by IFRS (16) upon adoption of the new standard. During the first time application of IFRS (16) to operating lease Individually each contract by it's own, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application.

The assets right of use have been measured in an amount equal to the lease obligations, and adjusted by any pre-paid or lease payment that is recognized in the financial position list as of December 31. No adjustments to the retained earnings, as at January 1st, were produced under this method. There were no low leases that required an adjustment to the right of use assets at the date of the initial application.

The right of use assets contain properties as of December 31, 2019.

The tables below shows the effect of application of IFRS 16 for each financial note as at December 31, 2019.

Consolidated Statement of Income:

	December 31, 2019
	JD
(Increase) in depreciation expense	(20,885)
(Increase) in financing expenses	(3,190)
Net impact on income for the year	<u>(24,075)</u>

Consolidated Statement of Cash Flows:

	December 31, 2019
	JD
Profit before tax for the year	(24,075)
Operating lease interest payments on lease obligations	(38,160)
Interest expense – lease liability	3,190
Depreciation of right use of assets	20,885
Other debit balances	<u>38,160</u>
	<u>-</u>

Consolidated Statement of Financial Position:

	As reported	IFRS 16 Impact	Amounts without the Impact of IFRS 16 adoption
	JD	JD	JD
Right-of-use assets	34,893	34,893	-
Other debit balances	677,414	(38,160)	639,254
Net impact on total assets		<u>3,267</u>	
Lease liabilities	20,807	20,807	-
Net impact on total liabilities		<u>20,807</u>	
Retained earnings	5,196,347	(24,075)	5,172,272
Net impact on partners equity		(24,075)	
Net impact on total liabilities and equity		<u>3,267</u>	

The Company's leasing activities and its accounting treatment mechanism:

The Company rents real estates for use in its activities and usually leases for fixed periods ranging from one to five years, some of which may include extension options and the lease terms are negotiated on an individual basis and contain a set of different terms and conditions, should not including lease contracts which do not contain any obligations and may not be used as collateral for the purposes of borrowing.

Up to the end of the financial year 2018, real estate leases were classified as either an operating lease or a financial lease which and the amounts paid for operating lease contracts are credited to the income statement according to the straight-line method during the lease period.

Starting from the first of January, leases were recognized as assets for use and related obligations on the date when the asset is ready for use by the Company, the value of each rental payment is distributed between the leasing obligations and the financing costs, and the financing costs are credited to the income statement during the lease period to achieve a fixed periodic interest rate on the remaining balance of the obligation for each period and the right of use assets are amortized during the productive life of the asset or the lease term, whichever is shorter according to the straight-line method.

The assets and liabilities arising from the leases are initially measured on the basis of the present value, and the lease obligations include the net present value of the following rental payments:

- Fixed payments (including built-in fixed payments) minus rental incentives receivable;
- Variable lease payments based on index or rate;
- Amounts expected to be paid by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and;
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Rental payments are deducted using the implied lease interest rate or the tenant's additional borrowing price, if they are not available, which is the rate at which the lessee must pay to borrow the funds needed to obtain an asset of comparable value in a similar economic environment with similar terms and conditions.

Right of use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs, and
- Return costs (renovation and restoration).

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

In applying IFRS (16) for the first time, the Company has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS (17) Insurance contracts and IFRIC (4) Determining whether an arrangement contains a lease.

C. New and revised International Financial Reporting Standards issued but not yet effective:

At the date of authorization of these consolidated financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and Revised Standards	Amendments to New and Revised IFRSs
Amendment to IAS 1 " <i>Presentation of financial statement</i> " (Effective form on January 1, 2020).	These amendments are related to definition of material. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'
Amendment to IFRS 3 " <i>Business Combinations</i> " (Effective form on January 1, 2020).	These amendments clarify the definition of business as the International Accounting Standards Board published the Conceptual Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation and disclosure. In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS 2, 3, 6 and 14 and IAS 1, 34, 37 and 38) and IFRIC 12 and 19, Interpretations 20 and 22 and Interpretations of the Standing Committee for the Interpretation of Standards No. 32 in order to update those statements with regard to references and quotations from the framework or to refer to a reference to a different version of the conceptual framework.
IFRS 17 " <i>Insurance Contracts</i> " (Effective form on January 1, 2022).	It provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, principled accounting objective for insurance contracts. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 requires measurement of insurance liabilities at the present value of the liability.
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 " <i>Investments in Associates and Joint Ventures</i> (2011)" (Effective date deferred indefinitely. Adoption is still permitted).	These amendments are related to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Management expects to apply these new standards, interpretations and amendments to the consolidated financial statements of the Company when they are applicable and the adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Company in the initial period of application.

4. Significant Accounting Judgments and Key Sources of Uncertainty

The preparation of the consolidated financial statements and the adoption of accounting policies requires the management to make judgments, estimates and assumptions that affect the amounts of financial assets and financial liabilities and the disclosure of contingent liabilities. These estimates and judgments also affect revenues, expenses and provisions in general and expected credit losses. In particular, the Company's management is required to make judgments to estimate the amounts and timing of future cash flows. These mentioned estimates are based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Actual results may differ from estimates as a result of changes in these conditions and circumstances in the future.

Judgments, estimates and assumptions are reviewed periodically. The effect of the change in estimates is recognized in the financial period in which the change has occurred and only if the change affects the same financial period. Moreover, the effect of the change in estimates is recognized in the financial period in which the change has occurred and in future periods in case the change affects the financial period and future financial periods.

Management believes that its estimates in the consolidated financial statements are reasonable. The key estimates used by management in applying the Company's accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Useful life of tangible assets and intangible assets

Management periodically re-estimates the useful life of tangible assets and intangible assets for the purpose of calculating the annual depreciation and amortization based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the consolidated statement of income for the year.

Income tax

The fiscal year is charged its related income tax expense in accordance with the regulations, laws and accounting standards. The deferred taxes and income tax provision are calculated and recognized.

Lawsuit provision

A provision is booked to meet any potential litigation obligations based on the legal study prepared by the Company's legal counsel that identifies potential risks in the future and periodically reviews the study.

Assets and liabilities presented at cost

Management reviews the assets and liabilities at cost periodically for the purpose of estimating any impairment in value, any impairment loss is recognized in the consolidated statement of income for the year.

Fair value measurement and valuation procedures

When estimating the fair value of financial assets and financial liabilities, the Company uses available observable market data. In case of the absence of level 1 inputs, the Company conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

Slow Moving Inventory Provision

A Provision is made for slow moving inventory based on the principles and assumptions that are approved by the company's management to evaluate the provision to be allocated in accordance with the requirements of the International Financial Reporting Standards.

Calculation of provision for expected credit losses

The management is required to use important judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risk of significant increase in credit risk for financial assets after the initial recognition and future measurements information for expected credit losses.

The expected credit loss is measured as an allowance equivalent to the expected credit loss over the life of the asset.

Determining the number and relative weight of forward looking scenarios for each type of products / market and the identification of future information relevant to each scenario

When measuring the expected credit loss, the Company uses reasonable and reliable future information based on the assumptions of the future movement of the various economic factors and how these economic factors affect the calculation of expected credit loss.

Probability of default

The probability of default is a key input in measuring the expected credit loss. The probability of default is considered an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions and expectations relating to future circumstances.

Loss given default

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financier expects to collect, taking into account cash flows from collaterals and credit adjustments.

Revenue recognition

The Company's management uses significant estimates and assumptions to determine the amount and timing of revenue recognition under IFRS 15, "Revenue from contracts with customers".

Provision for sales returns and discount

The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognized will not occur given the consistent level of returns over previous years.

The Company uses its accumulated historical experience to estimate discounts and the revenue is recognized to the extent that it is probable that there will be no material reversal. Liabilities for discounts on payments to customers are recovered in respect of sales made during the year.

Extension and termination options in lease contracts

Extension and termination options are included in a number of leases. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable both by the Company and the respective lessor.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Discounting of lease payments

The lease payments (it existing) are discounted using the Company's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

5. Cash on Hand and Balances at Banks

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Cash on hand	4,221	2,549
Balance at banks – current accounts	2,762,548	534,516
	<u>2,766,769</u>	<u>537,065</u>

6. Cheques under Collection

Cheques under collection due date extends to 25, June 2020.

7. Accounts Receivable - Net

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Trade receivables	2,711,104	1,653,985
<u>Less: Expected credit loss provision**</u>	<u>(361,184)</u>	<u>(196,561)</u>
	<u>2,349,920</u>	<u>1,457,424</u>

The aging of these receivables is as follows:

	December 31,	
	2019	2018
	JD	JD
Less than 30 days	1,565,711	561,433
From 31 days to 60 days	375,770	372,007
From 61 days to 90 days	210,540	187,404
From 91 days to 180 days	148,479	210,365
From 181 days to 270 days	79,424	54,399
From 271 days to 360 days	157,967	21,766
More than 360 days*	<u>173,213</u>	<u>246,611</u>
	<u>2,711,104</u>	<u>1,653,985</u>

* Accounts receivable include outstanding balances for more than 360 days in the amount of JD 173,213 as of December 31, 2019 (JD 246,611 as of December 31, 2018). The Company's management believes that the remaining amounts are recoverable.

** The movement on the expected credit loss provision during the year is as follows:

	2019	2018
	JD	JD
Balance – beginning of the year	196,561	168,681
Provision booked during the year	<u>164,623</u>	<u>27,880</u>
Balance – end of the Year	<u>361,184</u>	<u>196,561</u>

8. Inventory - Net

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Finished goods	903,414	455,877
Goods under production	342,827	169
Raw materials	429,133	421,998
Packaging materials and supplies	1,306,188	1,403,989
Spare parts	498,490	498,088
Goods in transit	172,657	317,417
Marketing products	84,755	104,188
Bonded goods	40,168	7,648
	<u>3,777,632</u>	<u>3,209,374</u>
<u>Less: Provision for slow-moving items *</u>	<u>(352,102)</u>	<u>(352,102)</u>
	<u>3,425,530</u>	<u>2,857,272</u>

- * The movement on the provision for slow-moving items during the year is as follows:

	2019	2018
	JD	JD
Balance - beginning of the year	352,102	122,102
Provision booked during the year	-	230,000
Balance - End of the Year	<u>352,102</u>	<u>352,102</u>

9. Other Debit Balances

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Prepaid expenses	195,907	103,424
Deferred Revenue	23,074	44,289
Employees receivable	13,199	13,326
Refundable deposits	28,513	12,457
Advance payment from suppliers	416,721	720,429
	<u>677,414</u>	<u>893,925</u>

10. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Shares of listed Companies *	8,524,984	10,918,884
Shares of unlisted Companies **	2,978,396	2,991,306
	<u>11,503,380</u>	<u>13,910,190</u>

- * This item includes an investment with a fair value of JD 13,800 as of December 31, 2019, restricted against the Board of Directors' membership in the investee Company (JD 1,400 as of December 31, 2018).

- ** The valuation of investments in unquoted securities uses inputs other than observable market data and therefore are inherently subjective, It also requires significant judgement to be applied by management in determining the appropriate valuation methodology and the use of assumptions, for example future cash flows, discount rates, market risk adjustments and other. The shares of Companies not listed in financial markets are valued according to the most recent consolidated financial information available to the investee Companies, and management believes that there is no impairment in the value of these Investments.
- Subsequent to the date of the consolidated financial statements, the fair value of financial assets at fair value through comprehensive income approximately amounted to JD 10.3 million, as of March 2020.

11. Financial Assets at Amortized cost

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Jordan Trade Facilities Company bonds	-	500,000
Ithmaar Investment and Financial Consultancy Company Bonds **	110,000	110,000
	<u>110,000</u>	<u>610,000</u>

- * During the month of February 2018, the Company invested in bonds from Jordan Trade Facilities Company with a nominal value of JD 500,000. Issued on February 9, 2018 for 359 days at a fixed interest rate of 6.75%, calculated on the basis of the number of actual days divided by 360 days. And was matured and paid during the first quarter of 2019.
- ** During the month of October 2018, the Company invested in 22 bonds from Ithmaar Investment and Financial Consultancy Company with a nominal value of JD 110,000. Issued on 10 October 2018 for 5 years and at a fixed interest rate of 8.25% calculated on the basis of the number of actual days divided by 365 from the date of issue until maturity date.

12. Property and Equipment - net.

This item consists of the following:

For the Year Ended December 31, 2019

Cost:	Land	Headquarters Building*	Plant Building	Water Well	Tools and Equipment	Furniture and Computers	Air Conditioning	Cell Phones	Vehicles	Fortlifts	Fire Alarm System	Silos	Projects Under Process	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	948,870	3,341,507	1,768,399	80,131	16,434,599	299,717	153,405	24,523	771,860	72,817	20,420	691,781	23,902	24,631,931
Additions	-	5,108	1,815	-	235,380	38,367	905	1,278	134,299	-	-	1,070	848,928	1,267,150
Disposals	-	-	-	-	-	(2,580)	-	-	(29,176)	-	-	-	-	(31,756)
Balance - End of the Year	948,870	3,346,615	1,770,214	80,131	16,669,979	335,504	154,310	25,801	876,983	72,817	20,420	692,851	872,830	25,867,325

Accumulated depreciation:

Balance - beginning of the year	-	223,796	1,379,446	79,682	15,127,925	222,011	78,081	20,123	408,747	19,934	20,420	691,781	-	18,271,946
Additions	-	67,063	113,578	448	547,797	39,356	12,582	1,926	134,211	10,798	-	62	-	927,821
Disposals	-	-	-	-	-	(2,580)	-	-	(29,176)	-	-	-	-	(31,756)
Balance - End of the year	-	290,859	1,493,024	80,130	15,675,722	258,787	90,663	22,049	513,782	30,732	20,420	691,843	-	19,168,011
Net Book Value as of December 31, 2019	948,870	3,055,756	277,190	1	994,257	76,717	63,647	3,752	363,201	42,085	-	1,008	872,830	6,699,314

For the Year Ended December 31, 2018

Cost:														
	948,870	3,341,507	1,768,399	80,131	16,434,599	299,717	153,405	24,523	771,860	72,817	20,420	691,781	23,902	24,631,931
Balance - beginning of the year	-	3,328,678	1,659,784	80,131	16,064,473	251,710	145,819	24,098	779,660	129,217	20,420	691,781	-	24,124,641
Additions	-	12,829	108,615	-	194,289	48,007	7,586	425	-	-	-	-	199,739	571,490
Disposals	-	-	-	-	-	-	-	-	(7,800)	(56,400)	-	-	-	(64,200)
Transfers	-	-	-	-	175,837	-	-	-	-	-	-	-	(175,837)	-
Balance - End of the Year	948,870	3,341,507	1,768,399	80,131	16,434,599	299,717	153,405	24,523	771,860	72,817	20,420	691,781	23,902	24,631,931

Accumulated depreciation:

Balance - beginning of the year	-	157,009	1,315,779	75,370	14,455,485	193,420	65,481	18,027	297,931	65,555	20,420	691,781	-	17,356,258
Additions	-	66,787	63,667	4,312	672,440	28,591	12,600	2,096	118,616	10,779	-	-	-	979,888
Disposals	-	-	-	-	-	-	-	-	(7,800)	(56,400)	-	-	-	(64,200)
Balance - End of the Year	-	223,796	1,379,446	79,682	15,127,925	222,011	78,081	20,123	408,747	19,934	20,420	691,781	-	18,271,946
Net Book Value as of December 31, 2018	948,870	3,117,711	388,953	449	1,306,674	77,706	75,324	4,400	363,113	52,883	-	-	23,902	6,339,985

Annual Depreciation Rate %

* This item represents the value of the fourth floor area plus one third of the sixth floor of the United Insurance Company building (Related Party) in Zahran Street - Fifth Circle. The ownership transfer procedures of the building was completed on August 3, 2016. The Company paid the costs of transferring the ownership which amounted to JD 386,440 in addition to additional costs amounting JD 25,450 which were paid to United Insurance Company.

- The Company had fully depreciated assets in an amount of JD 13,914,629 as of December 31, 2019 (JD 13,836,227 as of December 31, 2018).

13. Intangible Assets – Net

This item consists of the following

	For the Year Ended December 31,	
	2019	2018
Cost:	JD	JD
Balance – beginning of the year	141,781	102,660
Additions during the year	21,715	39,121
Balance – end of the Year	163,496	141,781
Accumulated Amortization:		
Balance – beginning of the year	79,473	63,549
Amortization for the year	21,799	15,924
Balance – end of the Year	101,272	79,473
Net Book value as of December 31, 2018	62,224	62,308
Annual amortization rate %	25	25

14. Investment Property

This item includes the following:

	December 31,	
	2019	2018
	JD	JD
Land	122,599	121,699
Amstel building - cost	302,006	302,305
<u>Less: Accumulated depreciation *</u>	<u>(151,013)</u>	<u>(145,154)</u>
	<u>273,592</u>	<u>278,850</u>

* The movement on accumulated depreciation during the year is as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Balance – beginning of the year	145,154	139,142
Depreciation for the year	5,859	6,012
Balance – end of the Year	151,013	145,154

- Investment property depreciation is recorded based on rates ranging from 2% to 15% annually.
- The fair value has been estimated by a real-estate evaluator. The fair value of these investments amounted to JD 610,222 as of December 31, 2019.

15. Payables and Other Credit Balances

This item includes the following:

	December 31,	
	2019	2018
	JD	JD
Trade accounts payable	746,477	758,142
Due to Income and Sales Tax Department	985,769	741,278
Undistributed dividends deposit	336,829	323,319
Due to Social Security Corporation	19,625	26,765
	<u>2,088,700</u>	<u>1,849,504</u>

16. Other Current Liabilities

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Jordanian universities fees	274,685	274,685
Scientific research and training fees	67,349	67,349
Remunerations of the Board of Directors	68,786	76,619
Accrued expenses	163,239	194,519
Other	-	3,144
	<u>574,059</u>	<u>616,316</u>

17. Tax

A. Income Tax Expense:

The item consists of the following:

	2019	2018
	JD	JD
Accrued income tax on the current year's profit	517,341	287,086
Deferred tax assets	(25,776)	(92,738)
	<u>491,565</u>	<u>194,348</u>

B. Income Tax Provision:

The movement on the income tax provision is as follows:

	2019	2018
	JD	JD
Balance – beginning of the year	228,563	192,389
Accrued income tax on the current year's profit	<u>517,341</u>	<u>287,086</u>
	745,904	479,475
<u>Less:</u> Income tax paid during the year	<u>(313,521)</u>	<u>(250,912)</u>
Balance – end of the Year	<u>432,383</u>	<u>228,563</u>

- Income tax is calculated based on taxable income at a rate of 15% in addition of 1% as a national contribution. Which represents the percentage imposed on the Company.

C. Tax Status

The Company has reached a final settlement for its income tax up to the end of the year 2016. The Company has submitted its income tax for the year of 2017 and 2018 but has not been reviewed by the Income and Sales Tax Department till the date of the accompanying consolidated financial statements.

In the management's opinion the income tax provision booked in the consolidated financial statement is sufficient, and there is no need to book any additional provision.

D. Deferred Tax Assets

This item consists of the following:

	2019			2018		
	Balance- beginning of the Year	Additions	Released amounts	Balance- end of the Year	Deferred Tax Assets	Deferred Tax Assets
	JD	JD		JD	JD	JD
Expected credit loss provision (receivables & due from related parties)	227,513	224,623	(63,525)	388,611	62,178	36,402
Provision for slow-moving inventory	352,102	-	-	352,102	56,336	56,336
	<u>579,615</u>	<u>224,623</u>	<u>(63,525)</u>	<u>740,713</u>	<u>118,514</u>	<u>92,738</u>

Deferred tax assets were calculated at a rate of 16% as of 31 December 2019. The Company did not account for the deferred tax liabilities as management believes that there will be no future tax liabilities.

18. Obligations Against Lease Agreement

This sections represents the following:

	2019	2018
	JD	JD
Obligations against lease agreement - short-term	23,805	31,740
Obligations against lease agreement - long-term	-	23,811
	<u>23,805</u>	<u>55,551</u>

A lease agreement was signed for ten cars during the year 2017. The lease term is for 36 months with monthly Installments of JD 2,645 starting from October 25, 2017. The average interest rate included in the lease agreements is 5% annually which is fixed at the date of the agreements, therefore the Company is subject to the average interest fair value risk as all lease agreements are made based on fixed repayments and no arrangements are made for the expected lease payments.

19. Shareholders' Equity

a. Paid – up capital

The Company's paid-up capital consists of 10 million shares at a par value of JD 1 for each share.

b. Statutory reserve

Statutory reserve represents accumulated amounts transferred from the annual net income before tax at a rate of 10%, in accordance with the Jordanian Companies Law, this reserve may not be distributed to shareholders.

c. Voluntary reserve

Voluntary reserve represents accumulated amounts transferred from the annual net income before tax at a rate not exceeding 20% from prior years. This reserve is used for the purposes determined by the Board of Directors, and the General Assembly of Shareholders has the right to distribute it, in whole or part, as dividends to shareholders.

d. Financial assets at fair value valuation reserve

This item represents a valuation reserve for financial assets at fair value through other comprehensive income which resulted from revaluating these assets at their fair value as of December 31, 2019 and 2018.

e. Retained earnings

The Board Directors recommended in their meeting held on February 12, 2020, to distribute cash dividends of JD 2,000,000 to the shareholders, which is equivalent to 20% of paid-up capital and it's subject to the General Assembly of shareholders' approval.

The General Assembly of shareholders in their ordinary meeting held on April 23, 2019 approved the board of directors' recommendation to distribute cash dividends of JD 1,200,000 to shareholders at a rate of 12% of the capital for the year 2018 (1,200,000 JD cash to shareholders at a rate of 12% of the capital for the year 2017).

20. Cost of Production

This item consists of the following:

	Note	2019	2018
		JD	JD
Raw materials - beginning of the year		421,998	284,737
Purchases during the year		718,289	1,437,533
Raw materials - end of year	8	(429,133)	(421,998)
Raw materials used in production		<u>711,154</u>	<u>1,300,272</u>
Packaging materials - beginning of the year		1,403,989	1,352,759
Purchases during the year		1,525,309	2,113,991
Packaging materials - end of the year	8	(1,306,188)	(1,403,989)
Packaging materials used in production		<u>1,623,110</u>	<u>2,062,761</u>
Materials used in production		<u>2,334,264</u>	<u>3,363,033</u>
Salaries, wages and other employees' benefits		<u>585,912</u>	<u>574,156</u>
Other production expenses:			
Water, fuel and electricity		665,300	731,887
Professional fees		78,000	80,531
Equipment, devices and buildings maintenance		82,057	111,772
Security		21,600	21,233
Insurance fees		21,248	21,534
Cleaning expenses		18,913	17,318
License and tax fees		34,232	15,896
Hospitality		5,665	8,814
Transportation		2,263	31
Workers uniforms		6,336	7,614
Mail and telephone		20,278	3,282
Vehicles expenses		7,939	-
Stationery and publications		7,067	1,928
Damaged inventory		8,525	31,760
Others		<u>43,404</u>	<u>29,024</u>
Total other manufacturing overheads		<u>1,022,827</u>	<u>1,082,624</u>
Depreciation of property and equipment		<u>695,234</u>	<u>747,434</u>
Cost of free of charge good*		<u>428,710</u>	<u>620,028</u>
Goods under production - beginning of year		169	155,561
Imported goods Purchases		2,125,198	543,963
Goods under production - end of year	8	(342,827)	(169)
Cost of Production and cost of imported goods		<u>6,849,487</u>	<u>7,086,630</u>

- * This Item represents the cost of free charge goods related to Sales contracts. This item has been classified as a cost of production item during the year 2019 as per the implementation of IFRS (15).

21. Selling and Distribution Expenses

This item consists of the following:

	<u>2019</u>	<u>2018</u>
	JD	JD
Employees' salaries	504,931	416,900
Promotions advertisement and selling expenses	354,209	418,165
Trade mark cost (Amstel) (Note 26)	214,605	161,482
Franchise fees (Heineken) (Note 26)	66,141	57,713
Shipping fees	47,667	73,495
Depreciation and amortization	25,571	38,431
Travel and transportation expenses	6,519	14,766
Vehicle expenses	95,031	60,041
Franchise fees (Henninger) (Note 26)	4,283	5,000
Others	33,669	16,201
	<u>1,352,626</u>	<u>1,262,194</u>

22. General Administrative and Financial Expenses

This item consists of the following:

	<u>2019</u>	<u>2018</u>
	JD	JD
Employees' salaries	718,417	569,418
Depreciation of property and equipment	212,921	196,782
Subscriptions	17,008	38,555
Professional fees	22,068	33,909
Vehicle expenses	77,105	55,000
Telecommunication expense	80	25,549
Amortization of intangible assets	15,894	13,165
Travel and transportation	47,492	18,242
Stationery and supplies	24,575	29,402
Electricity and water expense	39,270	19,912
Lawsuits expenses	167,013	102,164
Hospitality expenses	20,562	12,699
Bank expenses	8,581	7,922
Information technology fees	487	1,571
Rent expenses	2,382	20,720
Depreciation of assets right of use	20,885	-
Interest of assets right of use	3,190	-
Others	110,215	25,084
	<u>1,508,145</u>	<u>1,170,094</u>

23. Investment Revenue and Other Revenues

This item consists of the following:

	<u>2019</u>	<u>2018</u>
	JD	JD
Rents received	<u>22,070</u>	<u>34,049</u>
Amstel Building Operating Costs:		
Salaries	5,510	5,510
Water, fuel and electricity	2,042	2,930
Building maintenance	1,925	17
Insurance	232	-
Depreciation of property and equipment	<u>5,859</u>	<u>6,012</u>
Total operating cost	<u>15,568</u>	<u>14,469</u>
Net building revenue	<u>6,502</u>	<u>19,580</u>
Gain from financial assets at fair value through other comprehensive income – distributed dividends	726,249	624,988
Bank interest	29,988	120,797
Foreign currency exchange differences	1,435	41,432
Other revenue	(6,810)	(38,385)
Gain on sale of property and equipment (capital gains)	<u>7,000</u>	<u>1,500</u>
	<u>764,364</u>	<u>769,912</u>

24. Other Expenses

This item consists of the following:

	<u>2019</u>	<u>2018</u>
	JD	JD
Board of Directors' remunerations	30,833	31,654
Board of Directors' transportations	30,834	31,654
Others	<u>23,441</u>	<u>7,923</u>
	<u>85,108</u>	<u>71,231</u>

25. Earnings per Share for the Year

Earnings per share for the year is as following:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
	JD	JD
Income for the year	<u>2,399,538</u>	<u>1,028,232</u>
Weighted average of outstanding shares	<u>10,000,000</u>	<u>10,000,000</u>
Earnings per Share for the Year:		
Basic	<u>24%</u>	<u>10%</u>
Diluted	<u>24%</u>	<u>10%</u>

26. Balances and Transactions with Related Parties

The details of balances and transactions with related parties is as follows:

	Major Shareholders and Members of Board of Directors	Related Companies	Expected Credit Losses Provision*	Total
<u>December 31, 2019</u>	JD	JD	JD	JD
Receivables	43,396	125,714	(27,427)	141,683
Payables	753,221	18,877	-	772,098
Investments	-	4,286,970	-	4,286,970
Obligations against financial Lease	-	23,805	-	23,805
<u>December 31, 2018</u>				
Receivables	1,921,916	125,275	(30,952)	2,016,239
Payables	412,795	20,991	-	433,786
Investments	-	6,253,417	-	6,253,417
Obligations against financial Lease	-	55,551	-	55,551
<u>For the Year Ended December 31, 2019</u>				
Revenues	2,025,851	-	-	2,025,851
Expenses	-	15,407	-	15,407
<u>For the Year Ended December 31, 2018</u>				
Revenues	6,337,920	2,020	-	6,339,940
Expenses	-	869,008	-	869,008

* The movement on expected credit losses provision – related parties is as follows:

	2019	2018
	JD	JD
Balance – beginning of the year	30,952	-
Provision booked during the year	60,000	30,952
Written off during the year	(63,525)	-
Balance end of the year	27,427	30,952

- The Company manufactures some of its products under a franchise agreement with Heineken - Holland (a shareholder), in addition to Henninger - Germany for a specific franchise fee, granting the Company the exclusive franchise to use trademarks in geographical areas designated for the sale of some products the Company produces.
- The agreement obligates the Company to market some of its produced products according to the franchise agreement and to an annual marketing plan that aims to increase sales and to meet demand appropriately.
- The Company sells its products in the local market through their local exclusive distributor; Saed Abu Jaber Company (A shareholder). During the year, the Company cancelled the agreement with Saed Abu Jaber Company, whereas General Investment Company became its own main distributor for its product. A final settlement has not been reached in relation to the distribution agreement settled previously until the date of the accompanying consolidated financial statements.
- The salaries and bonuses of executive management amounted to JD 239,289 for the year 2019 (JD 295,277 for the year 2018).

27. Financial Instruments

A. Capital risk management

The Company manages its capital to ensure its continuity and maximize return to the stakeholders through the achievement of the optimum balance between liabilities and equity.

The Company's strategy is to maintain an acceptable rate for liabilities compared to shareholders' equity. The debt to shareholders' equity ratio as of December 31, 2019 and December 31, 2018 was as follows:

	December 31,	
	2019	2018
	JD	JD
Total current liabilities	<u>3,894,235</u>	<u>3,159,909</u>
Total shareholders' equity	<u>24,707,163</u>	<u>25,914,435</u>
Liabilities to shareholders ratio	<u>15.7%</u>	<u>12.2%</u>

The Company's policy for capital management remained the same through the year 2019 compared to the year 2018.

B. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company.

Moreover, the Company follows a policy of dealing with credit worthy parties, including related parties, in order to reduce the risk of financial losses resulting from failure to meet obligations.

Trade receivables mainly consist of three categories:

- A. Debtors of local sales (Saed Abu Jabber and Sons)
- B. Debtors of local sales
- C. Debtors of export sales
- D. Debtors of leasing operations

In some cases, the Company obtains advance payments, bills of collection for export sales, or cheques under collection, based on the agreement with the client, equal to the value of the goods ordered (or a substantial part thereof).

The following schedule summarizes the accounts receivable concentration for the three categories mentioned above:

	December 31,	
	2019	2018
	JD	JD
Saed Abu Jabber and Sons (Shareholder)	42,614	1,467,074
Debtors of local sales	2,137,987	389,457
Debtors of export sales	331,357	978,818
Debtors of leasing operations	<u>38,779</u>	<u>44,529</u>
	<u>2,550,737</u>	<u>2,879,878</u>

C. Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company mainly deals with US dollar and Euro. The book value of the Company's financial assets and liabilities in foreign currencies as of the date of the consolidated statement of financial position is as follows:

	Assets		Liabilities	
	December 31		December 31	
	2019	2018	2019	2018
	JD	JD	JD	JD
Euro	22,120	317,298	724,819	412,933
US Dollars	205,276	1,275,135	25,220	34,024

Currency risk relates to the changes in the currency prices of foreign currency payments. To reduce the risk of exchange rate volatility of the Euro, the Company maintains euro current accounts and time deposits at local banks.

The following table summarizes the impact of the increase (decrease) in the Euro exchange rate by 10%, as of the consolidated statement of financial position date, on the consolidated statement of income:

	+10%		-10%	
	2019	2018	2019	2018
	JD	JD	JD	JD
(Loss) gain for the year	70,269	9,563	(70,269)	(9,563)

The Company's management believes that the US Dollar foreign currency risk is immaterial as the Jordanian Dinar (the Company's functional currency) is pegged to the US Dollar.

D. Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet commitments.

The Company manages liquidity risk through obtaining credit facilities, maintaining constant control over actual and estimated cash flows, and matching the maturities of financial assets and financial liabilities. Moreover, part of the Company's cash is invested in bank accounts and is ready to fulfill short-and medium-term funding requirements and liquidity management.

E. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company manages its exposure to interest rate risk on an ongoing basis, so that different options are continually evaluated.

The Company's management believes that the interest rate fluctuations risk will not have a material impact on the results of the Company's operations.

F. Investments prices risk

The Company maintains an investment portfolio, mostly from shares consistently traded on Amman Stock Exchange, in addition to the unlisted shares of other Companies. The Company classifies all equity investments as financial assets at fair value through other comprehensive income, thus eliminating the effect of stock price volatility on the profit for the year.

The following table summarizes the impact of the increase (decrease) in Amman Financial Market General Index by 5% over the fair value of financial assets at fair value through other comprehensive income in circulation, which affects shareholders' equity as of the date of the consolidated statement of financial position. The sensitivity analysis has been prepared on the assumption that stock prices move in the same proportion of the market index changes:

	+5%		-5%	
	2019	2018	2019	2018
	JD	JD	JD	JD
Shareholders' equity	926,249	545,944	(926,249)	(545,944)

The Company also diversifies equity investments in various economic sectors to alleviate the adverse impact of the fluctuations in the fair value of investments. The following is the distribution of investments by sector:

	2019	2018
	JD	JD
Banks	6,853,794	7,344,381
Services	4,096,687	6,033,379
Manufacturing	156,565	84,401
Insurance	396,334	448,029
	<u>11,503,380</u>	<u>13,910,190</u>

G. Geographical distribution risks

The Company conducts its operations inside Jordan and abroad. The following is the geographical distribution information for Company's operation inside Jordan and abroad:

	Inside the Kingdom JD	Outside the Kingdom JD	Total	
			2019	2018
			JD	JD
Net sales	10,152,585	1,546,606	11,699,191	10,245,026
<u>Less: Cost of sales</u>	<u>(4,810,315)</u>	<u>(1,591,635)</u>	<u>(6,401,950)</u>	<u>(6,989,007)</u>
Gross Profit	5,342,270	(45,029)	5,297,241	3,256,019
<u>Less: Selling and distribution expenses</u>	<u>(1,352,626)</u>	-	<u>(1,352,626)</u>	<u>(1,262,194)</u>
General, administrative and financial expenses	(1,508,145)	-	(1,508,145)	(1,170,094)
Slow-moving inventory provision	-	-	-	(230,000)
Expected credit loss provision	(224,623)	-	(224,623)	(58,832)
Lawsuits provision	-	-	-	(11,000)
Income from Operations	2,256,876	(45,029)	2,211,847	523,899
Revenue from investments and other revenues	764,364	-	764,364	769,912
Other expenses	(85,108)	-	(85,108)	(71,231)
Income for the Year before Tax	2,936,132	(45,029)	2,891,103	1,222,580
Income tax provision	(491,565)	-	(491,565)	(194,348)
Income for the Year	<u>2,444,567</u>	<u>(45,029)</u>	<u>2,399,538</u>	<u>1,028,232</u>

	Inside the Kingdom JD	Outside the Kingdom JD	December 31,	
			Total	
			2019	2018
	JD	JD	JD	JD
Assets	27,694,664	924,351	28,619,015	29,098,155
Liabilities	3,666,282	245,570	3,911,852	3,183,720

28. Operating Segments

The operating segments of the Company are as follows:

Manufacturing segment

This sector represents the Company's investment in assets in order to manufacture and sell its main products of alcoholic and non-alcoholic drinks, classified into mainly domestic sales and export sales and duty free zone sales.

Investing segment

This sector represents the Company's investment in a portfolio of financial assets as well as investments in a real estate building. The revenue of this sector is classified as recurring (consisting of rental income and dividends) and non-recurring (comprised of gains and losses on the disposal of investments as well as impairment).

A. Revenue and Net Profit from Operating Segments

Below is the analysis of the Company's revenues and operating results distributed according to its operating segments:

	2019	2018
<u>Manufacturing:</u>	JD	JD
Net local sales	8,225,763	6,596,554
Net export sales	1,546,606	2,143,160
Net Duty Free Zone Sales / Aqaba	1,926,822	1,505,312
	11,699,191	10,245,026
<u>Less: Cost of sales</u>	<u>(6,401,950)</u>	<u>(6,989,007)</u>
Gross profit	5,297,241	3,256,019
<u>Less: Sales and distribution expenses</u>	<u>(1,352,626)</u>	<u>(1,262,194)</u>
Total Segment Profits	3,944,615	1,993,825
<u>Investing:</u>		
Frequent revenues	762,739	765,365
Total Segment Profits	762,739	765,365
Total Segment Income	4,707,354	2,759,190
Other expenses and revenues not distributed over segments	(1,816,251)	(1,536,610)
Income for the Year before Income Tax	2,891,103	1,222,580
Income tax expense	(491,565)	(194,348)
Income for the Year	2,399,538	1,028,232

- The revenue shown above does not include any transactions between the two sectors.

B. Operating Segments Assets and Liabilities

The analysis of the Company's assets and liabilities distributed according to its operating segments is as follows:

	Assets		Liabilities	
	December 31,		December 31,	
	2019	2018	2019	2018
	JD	JD	JD	JD
Manufacturing	8,290,633	9,635,335	3,116,409	2,283,290
Investing	11,886,972	14,799,040	-	-
Total Assets / Liabilities	20,177,605	24,434,375	3,116,409	2,283,290
Undistributed assets / liabilities	8,441,410	4,663,780	795,443	900,430
Total Assets / Liabilities	28,619,015	29,098,155	3,911,852	3,183,720

C. Revenues from main sales

Revenues of the manufacturing segment (representing the major part of the Company's revenue) consists of sales of alcoholic and non-alcoholic drinks as follows:

	<u>2019</u>	<u>2018</u>
	<u>JD</u>	<u>JD</u>
Sales of alcoholic drinks	22,572,974	19,642,158
Sales of non-alcoholic drinks	<u>267,597</u>	<u>230,375</u>
Total Sales	22,840,571	19,872,533
<u>Less: Sales tax</u>	<u>(11,141,380)</u>	<u>(9,627,507)</u>
Net Sales	<u>11,699,191</u>	<u>10,245,026</u>

29. Contingent Liabilities

The Company had the following contingent liabilities at the date of the financial position:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
	<u>JD</u>	<u>JD</u>
Letters of guarantee	<u>240,977</u>	<u>78,786</u>
	<u>240,977</u>	<u>78,786</u>

30. Lawsuits

Lawsuits against the Company have amounted to JD 12,198 and Lawsuit raised by the Company amounted to JD 632,720 According to the management and their legal consultant, the Company will not bear any obligations against these lawsuits expect for one case with the amount of JD 12,198 for which a provision has been booked.

31. Subsequent Period Events

The outbreak of Novel Coronavirus (Covid-19) in early 2020 in most countries has caused widespread disruptions to business, with a consequential negative impact on economic activity. The Company considers this event to be a non-adjusting event after the reporting period and therefore has not made any adjustments to the financial statements as a result of this matter. The outcome of this event is unknown and therefore the impact on the Company cannot be reasonably quantified at the date of issuance of these consolidated financial statements. The Company has analysed the expected impact and no liquidity or any significant operational disruptions have been identified or expected. Management will continue to monitor the situation closely and take additional measures as a fall back plan in case the period of disruption becomes prolonged. These and other relevant matters will be considered in the determination of the Company's estimates in 2020.

- Subsequent to the date of the consolidated financial statements, the fair value of financial assets at fair value through comprehensive income amounted approximately to JD 10.3 million, as of March 2020.

32. Fair Value Hierarchy

A. The fair value of financial assets and financial liabilities of the Company specified at fair value on an ongoing basis:

Some financial assets and liabilities of the Company are measured at fair value at the end of each fiscal period. The following table shows information about how the fair value of these financial assets and liabilities is determined (valuation methods and inputs used).

Financial Assets/Financial Liabilities	Fair Value		The Level of Fair Value	Valuation Method and Inputs Used	Important Intangible Inputs	Relation between Fair Value and Significant Intangible Inputs
	December 31,					
	2019	2018				
Financial asset at fair value	JD	JD				
Financial assets at fair value through other comprehensive income						
Shares of listed companies	8,524,984	10,918,884	Level I	Quoted Price	Not Applicable	Not Applicable
Shares of unlisted companies	2,978,396	2,991,306	Level II	Comparing the market value with a similar financial instrument	Not Applicable	Not Applicable
Total	11,503,380	13,910,190				

There were no transfers between the first level and second level during 2019 and 2018.

B. The fair value of financial assets and financial liabilities of the Company (non-specific fair value on an ongoing basis):

Except as set out in the table below, we believe that the carrying value of financial assets and financial liabilities in the consolidated financial statements of the Company approximates their fair value, as the Company's management believes that the carrying value of the items listed below approximate their fair value, due to either their short-term maturity or repricing of interest rates during the year.

	December 31, 2019		December 31, 2018		Fair value Level
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Financial assets with an unspecified fair value					
Property Investment	273,592	610,222	278,850	610,222	Level II
Total Financial Assets with an Unspecified Fair Value	273,592	610,222	278,850	610,222	

For the above-mentioned items, the second and third levels financial liabilities and financial assets have been determined at fair value according to the agreed-upon pricing model, which reflects the credit risk of the parties dealt with.