



بوراصة عمان
صادح - مجديده
12/5

الشركة الشامخة للاستثمارات العقارية والمالية المساهمة العامة المحدودة

ALSHAMEKHA FOR REALESTATE AND FINANCIAL INVESTMENTS CO.LTD

رأس المال المكتتب به (١٢٠٠٠٠٠) دينار

2020/11/147

2020/03/12 عمان

<p>To: Jordan Securities Commission Amman Stock Exchange Date: 12/03/2020 Subject: Audited Financial Statements for the fiscal year ended 31/12/2019</p>	<p>السادة هيئة الأوراق المالية المحترمين السادة بورصة عمان المحترمين التاريخ : 2020/03/12 الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية بتاريخ 2019/12/31</p>
<p>Attached the Audited Financial Statements of Alshamekha for Real estate & Financial Investment. for the fiscal year ended 31/12/2019 in Arabic & English, In addition to CD containing the required material in PDF format .</p>	<p>مرفق طية نسخة من البيانات المالية المدققة لشركة الشامخة للاستثمارات العقارية و المالية المساهمة العامة عن السنة المالية المنتهية بتاريخ 2019/12/31 م باللغة العربية والانجليزية, بالإضافة لـ CD بصيغة PDF للمادة المطلوبة.</p>
<p>Kindly accept our high appreciation and respect.</p>	<p>وتفضلوا بقبول فائق الاحترام ،،،،</p>
<p>General Manager "Mohammad Ameen" salem Abu Assaf</p>	<p>المدير العام "محمد أمين" سالم أبو عساف</p>

الشركة الشامخة للاستثمارات العقارية والمالية

الشركة الشامخة للاستثمارات العقارية والمالية

هيئة الأوراق المالية
الدائرة الإدارية / الديوان

١٢ آذار ٢٠٢٠

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**AL SHAMEKHA REAL ESTATE AND FINANCIAL INVESTMENTS
PUBLIC SHAREHOLDING COMPANY
FINANCIAL STATEMENTS
31 DECEMBER 2019**

AL SHAMEKHA REAL ESTATE AND FINANCIAL INVESTMENTS
PUBLIC SHAREHOLDING COMPANY
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INDEPENDENT AUDITOR'S REPORTT +962 6 5673001
F +962 6 5677706www.rsm.jo

**TO THE SHAREHOLDERS
AL SHAMEKHA REAL ESTATE AND FINANCIAL INVESTMENTS
PUBLIC SHAREHOLDING COMPANY
AMMAN, JORDAN**

Opinion

We have audited the financial statements of the AL SHAMEKHA REAL ESTATE AND FINANCIAL INVESTMENTS, which comprise the statement of financial position as of 31 December 2019, the statement of comprehensive income, statement of changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of AL SHAMEKHA REAL ESTATE AND FINANCIAL INVESTMENTS as of 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements in Jordan that are relevant to our audit of the company financial statements, 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 financial statements for the year ended 31 December 2018, were audited by other auditor whose report dated 9 February 2019, expressed an unqualified opinion on those statements.

Key Audit Matters

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

Revenue Recognition

The total Operating revenue is JD 111 798 for the year ended 31 December 2019, Operating revenue is an important determinant of the company's profitability in addition, there is a risk of improper rental property recognition, particularly with regard to revenue recognition at the cut-off date.

Scope of Audit to Address Risks

Our audit procedures included evaluating the company's revenue recognition accounting policies and assessing compliance with the policies in terms of international financial reporting standards (IFRSs). We tested the company's controls over rental property revenue recognition and key controls in the revenue cycle. We also selected a representative sample and tested premiums written at either side of the rental property revenue cutoff date.

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Other Information

Management is responsible for the other information. The other information comprises of the information stated in the Annual Report and does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available to us and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated

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

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

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

Those charged with governance are responsible for overseeing the company financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 International Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company internal control

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company 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 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 company to cease to continue as a going concern.

Evaluate the overall presentation; structure and content of the 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 appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit and 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 material deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 company maintains proper accounting records, duly organized and in line with the accompanying financial statements, and we recommend that they be approved by the General Assembly shareholders.

Amman – Jordan
8 February 2020



AL SHAMEKHA REAL ESTATE AND FINANCIAL INVESTMENTS
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

		2019	2018
	Notes	JD	JD
Assets			
Non - Current Assets			
Property, plant and equipment	3	80 704	86 269
Investments properties	4	178 040	186 829
Projects under construction	5	1 265 664	1 076 081
Financial assets at fair value through comprehensive Income	6	227 619	236 624
Long-term checks under collection		21 250	36 250
Total Non - Current Assets		1 773 277	1 622 053
Current Assets			
Other debit balances	7	23 069	24 227
Apartments ready for sale	8	587 097	578 343
Accounts receivable	9	40 372	32 915
Short-term checks under collection		26 763	15 711
Cash and cash equivalents	10	4 931	67 850
Total Current Assets		682 232	719 046
Total Assets		2 455 509	2 341 099
Equity and Liabilities			
Equity	11		
Share capital		1 200 000	1 200 000
Statutory reserve		931 125	931 125
Voluntary reserve		70 866	70 866
Cumulative change in the fair value of financial assets		(114 210)	(106 035)
(Accumulated losses) retained earnings		(383)	30 553
Total Equity		2 087 398	2 126 509
Liabilities			
Non - Current Liabilities			
Long-term loan	12	152 000	130 748
Total Non - Current Liabilities		152 000	130 748
Current Liabilities			
Short- term loan	12	100 000	-
Accounts payable		884	1 056
Unearned revenue		28 185	444
Other credit balances	13	87 042	82 342
Total Current Liabilities		216 111	83 842
Total Liabilities		368 111	214 590
Total Equity and Liabilities		2 455 509	2 341 099

The accompanying notes from 1 to 20 are an integral part of these financial statements

AL SHAMEKHA REAL ESTATE AND FINANCIAL INVESTMENTS
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2019

	Notes	2019 JD	2018 JD
Operating revenue		111 798	112 718
Operating expenses	4	(10 739)	(11 818)
Gross profit		101 059	100 900
Administrative expenses	14	(124 719)	(127 934)
Administrative depreciation	3	(6 635)	(7 345)
Interest expenses		(270)	(748)
Interest revenues		-	1 729
Loss for the year		(30 565)	(33 398)
Other comprehensive income items:			
Losses from sale of financial assets		(129)	(7 053)
Change in fair value for financial assets		(8 417)	3 930
Total comprehensive loss for the year		(39 111)	(36 521)
Basic and diluted losses per share for the year	15	JD (0.025)	JD (0.028)

The accompanying notes from 1 to 20 are an integral part of these financial statements

AL SHAMEKHA REAL ESTATE AND FINANCIAL INVESTMENTS
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2019

	Share capital	Statutory reserve	Voluntary reserve	Cumulative change in fair value	Retained Earnings (Accumulated losses)	Total
31 December 2017	1 200 000	931 125	70 866	(117 147)	138 186	2 223 030
Loss for the year	-	-	-	-	(33 398)	(33 398)
Change in fair value for financial assets	-	-	-	3 930	-	3 930
Loss from sale of financial assets	-	-	-	7 182	(14 235)	(7 053)
Dividends	-	-	-	-	(60 000)	(60 000)
31 December 2018	1 200 000	931 125	70 866	(106 035)	30 553	2 126 509
Loss for the year	-	-	-	-	(30 565)	(30 565)
Change in fair value for financial assets	-	-	-	(8 417)	-	(8 417)
Loss from sale of financial assets	-	-	-	242	(371)	(129)
31 December 2019	1 200 000	931 125	70 866	(114 210)	(383)	2 087 398

The accompanying notes from 1 to 20 are an integral part of these financial statements

AL SHAMEKHA REAL ESTATE AND FINANCIAL INVESTMENTS
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
31 DECEMBER 2019

	Notes	2019 JD	2018 JD
Operating activities			
Loss for the year		(30 565)	(33 398)
Adjustments for:			
Depreciation	3,4	17 374	19 163
Financing expenses		270	748
Changes in operating assets and liabilities			
Other debit balances		1 158	(18 432)
Accounts receivable		(7 457)	(6 440)
Checks under collection		3 948	15 218
Accounts payable		(172)	56
Unearned revenue		27 741	(763)
Other credit balances		4 700	5 753
Net cash from (used in) operating activities		16 997	(18 095)
Investing activities			
Projects under construction		(189 583)	(566 106)
Financial assets at fair value through comprehensive Income		459	9 447
Purchase of Property, plant and equipment		(1 070)	(1 100)
Investment properties		(1 950)	-
Apartments ready for sale		(8 754)	(1 243)
Net cash used in investing activities		(200 898)	(559 002)
Financing activities			
Loan		121 252	130 748
Paid financing expenses		(270)	(748)
Paid dividends		-	(60 000)
Net cash from financing activities		120 982	70 000
Net change in cash and cash equivalents		(62 919)	(507 097)
Cash and cash equivalents at 1 January	10	67 850	574 947
Cash and cash equivalents at 31 December	10	4 931	67 850

The accompanying notes from 1 to 20 are an integral part of these financial statements

AL SHAMEKHA REAL ESTATE AND FINANCIAL INVESTMENTS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENT
31 DECEMBER 2019

1. General

The company was established as a public shareholding company and registered with the Ministry of Industry and Trade under No. (87) On 16 June 1974 with an authorized and paid up capital of 1,200,000 JD.

Objectives of the company:

- Investment in real estate and lands through purchase, sell, invest, develop, maintain, renovate and modernize real estate and lands.
- Construction of housing projects and reconstruction of all types and purposes thereof either residential, commercial, industrial and investment.
- Investment in all economic fields, whether financial, industrial, real estate, tourism, commercial, agricultural or service industries, through the establishment of investment projects

The financial statements were approved by the Board of Directors of the company at its meeting on 8 February 2020 and are subject to the approval of the General Assembly of Shareholders.

2. Significant accountant policies

Basis of preparation of the financial statement

The accompanying financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the Interpretations issued by the International Financial Reporting Interpretations Committee.

The financial statements are prepared in accordance with the historical cost principle, except for certain financial assets and financial liabilities which are stated at fair value as of the date of the financial statements.

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

The accounting policies adopted in the preparation of the financial statements are consistent with those adopted for the year ended 31 December 2018 except for what is stated in note (19) to the financial statements.

Property, plant and equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment loss in its value, moreover Property and Equipment (except for land) are depreciated according to the straight-line method over the estimated useful lives when ready for use of these assets using the rates:

Furniture and decorations	%9
Devices and electrical equipment	%10-50
vehicles	%10
Air conditions	%10

When the carrying amount of property and equipment exceeds their recoverable value, assets are written down and impairment loss is recorded in the statement of income.

The useful lives of property and equipment are reviewed at the end of each year, in case the expected useful life is different from what was determined before the change in estimate is recorded in the following years being a change in estimates.

Property and equipment are derecognized when disposed or when there is no expected future benefit from their use

Projects under construction

Projects under construction are represented at cost and include the cost of construction and direct expenses. Projects are not depreciated under construction unless the related assets are ready for use or are ready for sale in order to recognize their cost in the statement of income on disposal.

AL SHAMEKHA REAL ESTATE AND FINANCIAL INVESTMENTS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENT
31 DECEMBER 2019

Investment Properties

Investment properties are stated at cost net of accumulated depreciation and any impairment in their value and are disclosed their fair value. Furthermore, these Investments are depreciated based on their useful lives at an annual rate using the rates:

Buildings	%2
Elevator	%10

Any Impairment In their value is taken to the statement of Income and other comprehensive Income, while operating revenues and expenses relating to this investment are recognized in the statement of Income and other comprehensive Income.

If the fair value of the Investments for which an Impairment provision has been taken in the previous periods increases, the previous recorded are recovered impairment losses at no more than their cost.

Financial Assets at Fair Value through Comprehensive Income

These financial assets represent the investments in equity instruments held for the long term.

These financial assets are recognized at fair value plus transaction costs at purchase date and are subsequently measured at fair value in the statement of comprehensive income and within owner's equity including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the statement of comprehensive income and within owner's equity and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the statement of income.

No impairment testing is required for these assets.

Dividends are recorded in the statement of income.

Recognition of Financial Assets Date

Purchases and sales of financial assets are recognized on the trading date (which is the date on which the Company commits itself to purchase or sell the asset).

Fair value

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the financial statements.

In case declared market, prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the statement of comprehensive income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets.

When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment

Assets held for sale

Assets held for sale are measured at the lower of cost and net realizable value.

Assets held for sale costs comprise all costs of conversion and other costs incurred to acquire the assets by the company.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Accounts Receivable

Accounts receivable are stated at net realizable value after deducting a provision for expected credit loss.

A provision for expected credit loss is booked when there is objective evidence that the Company will not be able to recover whole or part of the due amounts at the end of the year. When the Company collects previously written-off debts, it recognizes the collected amounts in other revenues in the statement of income and comprehensive Income.

Furthermore, revenue and commission from expected credit loss are suspended and recognized as revenue upon collection.

Moreover, debts are written-off when they become uncollectible are derecognized

AL SHAMEKHA REAL ESTATE AND FINANCIAL INVESTMENTS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENT
31 DECEMBER 2019

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, and balances at banks and deposits at banks maturing within three months, less bank overdrafts and restricted balances.

Loans

All term loans are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and bonds are subsequently measured at amortized cost using the effective interest method.

Trade payables and Accruals

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Provisions

Provisions are recognized when the company has an obligation as of the date of the financial statements as a result of past events, the obligation is likely to be settled, and a reliable estimate can be made of the amount of the obligation.

Offsetting

Financial assets and financial liabilities are offset, the net amount is presented in the statement of financial position only when there is a legal right to offset the recognized amounts, and the company intends to either settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

Revenue recognition and Expense realization

Revenues are recognized upon rendering services and issuance of invoice.

Dividends are recognized when the shareholders' right to receive payment is established.

Rental income is recognized on a straight-line basis over the lease term.

Other revenues are recognized on an accrual basis.

Foreign currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Jordanian Dinar', which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Income Taxes

Income tax expenses represent current and deferred taxes for the year.

Income tax expense is measured based on taxable income. Taxable income differs from income reported in the financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.

Taxes are calculated based on the enacted tax rates according to the prevailing laws, regulations and instructions of The Hashemite Kingdom of Jordan.

Deferred taxes are Taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and their respective tax basis. Deferred taxes are calculated based on the liability method, and according to the rates expected to be enacted when it is anticipated that the liability will be settled or when tax assets are recognized.

Accounting Estimates

Preparation of the financial statements and the application of the accounting policies require the Company's management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, and fair value reserve and to disclose contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value shown in the statement of other comprehensive income and owners' equity. In particular, this requires the Company's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

Management believes that the assessments adopted in the financial statements are reasonable. The details are as follows:

Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the statement of comprehensive income.

Management frequently reviews financial assets stated at fair value or at cost to estimate any impairment in their value. The impairment amount is taken to the statement of comprehensive income for the year.

A provision is set for lawsuits raised against the Company. This provision is based to an adequate legal study prepared by the company's legal advisors. Moreover, the study highlights potential risks that the Company may encounter in the future. Such legal assessments are reviewed periodically.

AL SHAMEKHA REAL ESTATE AND FINANCIAL INVESTMENTS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENT
31 DECEMBER 2019

3. Property, plant and equipment

	Land JD	Furniture JD	vehicles JD	electrical equipment's JD	Air conditions JD	Decoration JD	Total JD
Cost							
31 December 2018	65 415	5 214	39 250	11 450	4 415	41 609	167 353
Additions	-	-	-	1 070	-	-	1 070
31 December 2019	65 415	5 214	39 250	12 520	4 415	41 609	168 423
Accumulated Depreciation							
31 December 2018	-	5 170	35 325	9 128	4 414	27 047	81 084
Depreciation	-	44	3 925	1 106	-	1 560	6 635
31 December 2019	-	5 214	39 250	10 234	4 414	28 607	87 719
Book value							
31 December 2018	65 415	44	3 925	2 322	1	14 562	86 269
31 December 2019	65 415	-	-	2 286	1	13 002	80 704

4. Investment properties

	Land JD	Building JD	Electrical Work JD	Elevator JD	Constructions and Buildings in Aqaba* JD	Total JD
Cost						
31 December 2018	48 916	534 511	4 859	13 023	281 846	883 155
Additions	-	-	-	1 950	-	1 950
31 December 2019	48 916	534 511	4 859	14 973	281 846	885 105
Accumulated Depreciation						
31 December 2018	-	396 599	4 859	13 023	281 845	696 326
Depreciation	-	10 690	-	49	-	10 739
31 December 2019	-	407 289	4 859	13 072	281 845	707 065
Book value						
31 December 2018	48 916	137 912	-	-	1	186 829
31 December 2019	48 916	127 222	-	1 901	1	178 040

Property investments represent the cost of the commercial complex located on plot no. (1456) and the total area of the building is (3720 m2). The board of directors has taken a decision no. (43) in its session (105) and the decision of the general assemble at its annual meeting which was held on 15 March 2009 with the approval of the sale of warehouses and offices of the company's building located in Jabal Al-Hussein, where the total sales to this date was (711 m2).

*This item represents the cost of construction on a plot of land leased in Aqaba which entirely consumed according to the book value. Most of them were demolished by Aqaba Region Authority and have no future value. A lawsuit has been filed against Aqaba Economic Zone Authority. The case is still pending before the Court to claim compensation

AL SHAMEKHA REAL ESTATE AND FINANCIAL INVESTMENTS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENT
31 DECEMBER 2019

5. Projects under construction

	31 December 2019 JD	31 December 2018 JD
Plot of land No. (1168) *		
Cost of land	491 380	491 380
Construction works	676 860	507 536
Works and expenses	77 165	77 165
Capitalized financing expenses	20 259	-
	1 265 664	1 076 081

*The plot of land No. (1168) with an area of (1854 m2) square meters.

A first-class mortgage was made for the Bank of Jordan in the amount of 360 000 JD on land plot no. (1168) of the city basin no. (33) Of the land of Amman against the loans granted by the Bank of Jordan and for the implementation of the project.

6. Financial assets at fair value through comprehensive Income

	2019 JD	2018 JD
Quoted financial assets	227 619	236 624

7. Other debit balances

	2019 JD	2018 JD
Accrued rents, services and interests	861	1 003
Refundable deposit	19 275	19 175
Prepaid expenses	750	1 075
Income tax deposit	2 183	2 974
	23 069	24 227

8. Apartments ready for sale

The residential project on the plot no. (1169) with an area of (1164 m2), called the Jewel of Jabal Al Hussein project, has been completed. This project consists of 18 apartments and 7 of these apartments were sold during the year 2016, 2017.

9. Accounts receivable

	2019 JD	2018 JD
Accounts receivable	145 041	137 584
Lease holdings of the Aqaba Garage	19 484	19 484
Expected credit loss	(124 153)	(124 153)
	40 372	32 915

AL SHAMEKHA REAL ESTATE AND FINANCIAL INVESTMENTS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENT
31 DECEMBER 2019

10. Cash and cash equivalents

	2019 JD	2018 JD
Cash at hands	1 000	1 000
Cash on banks	3 931	66 850
	<u>4 931</u>	<u>67 850</u>

11. Share Capital

The authorized capital and paid-in capital of the company is JD 1 200 000 divided into 1 200 000 shares at JD 1 per share.

Statutory reserve

Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals 25% of the Company's subscribed capital. However, the Company may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full. Such reserve is not available for dividends distribution. The General Authority may, after depletion of the other reserves, decide at an extraordinary meeting to resolve the accumulated losses from the amounts collected in the Statutory reserve account, provided that they are rebuilt in accordance with the provisions of the Law.

Voluntary reserve

This account represents cumulative appropriations not exceeding 20% of the annual profit before taxation per year. This reserve is available for distribution to shareholders.

12. Loan

The company was granted a loan from the Bank of Jordan on 25 November 2018 amounted of 300 000 JD, until the liquidity is provided to finance working capital at an interest rate of 9% per annum and without an annual commission. Utilizing 252 000 JD shall be paid on 12 quarterly installments, the first installments accrued on 1 January 2020 until the full payment. Interest shall be paid monthly from the date of execution until full payment.

Mortgages and guarantees against bank facilities and loans granted:

A first-class mortgage was made for the Bank of Jordan in the amount of 360 000 JD on land plot no. (1168) of the city basin no. (33) Of the land of Amman against the loans granted by the Bank of Jordan.

13. Other credit balances

	2019 JD	2018 JD
Shareholders deposits	42 871	43 507
Lease holdings of the Aqaba Garage	19 484	19 484
Accrued expenses	5 713	2 137
End of service indemnity provision	8 051	5 500
Compensation of cases provision	8 108	8 108
Income tax provision	2 815	3 606
	<u>87 042</u>	<u>82 342</u>

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14. Administrative expenses

	2019 JD	2018 JD
Salaries, wages and other benefits	61 807	59 981
Board of Director's transportation allowances	21 600	21 600
Subscriptions and fees	16 203	16 081
Mortgage fees	-	3 604
Stationery and printing	1 840	1 838
Vehicle gas and maintenance	3 560	4 036
Advertising	1 378	2 515
Transportation	83	114
Hospitality	715	835
Maintenance	1 302	2 080
Postage, telecommunication, and internet	2 035	1 998
Electricity and water	2 896	3 352
Legal expenses	3 000	3 000
Audit fees	4 500	4 500
Stamps	-	900
Legal fees	1 000	300
Others	2 800	1 200
	<u>124 719</u>	<u>127 934</u>

Executive administration benefits

	2019 JD	2018 JD
Salaries and other benefits	<u>40 410</u>	<u>40 410</u>

15. Basic and diluted earnings loss per share

	2019 JD	2018 JD
Loss for the year	(30 565)	(33 398)
Weighted average number of outstanding shares	1 200 000	1 200 000
	<u>JD (0.025)</u>	<u>JD (0.028)</u>

16. Income tax

No income tax provision has been calculated for the year ended 31 December 2019 due to increase in the deductible expenses on the taxable income.

The income tax rate in Jordan is 20% + 1% national contribution tax.

The Company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2018.

The Income and Sales Tax Department accepted the tax returns for the year 2017 according to the sampling system in 26 January 2019.

The Company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2016.

17. Risk management

Credit Risk

Credit risk relates to the other party's inability to meet its contractual obligations leading to the incurrence of losses by the company. Moreover, the company adopts a policy of dealing with creditworthy parties in order to mitigate the financial losses arising from the Company's default on its liabilities.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

The following are the contracted maturities of financial liabilities:

31 December 2019	Short-term	Long-term	Total
Loan	100 000	152 000	252 000
Shareholders deposits	42 871	-	42 871
Other credit balances	44 171	-	44 171
Accounts payable	884	-	884
Unearned revenue	28 185	-	28 185
	216 111	152 000	368 111

31 December 2018	Short-term	Long-term	Total
Loan	-	130 748	130 748
Shareholders deposits	43 507	-	43 507
Other credit balances	38 835	-	38 835
Accounts payable	1 056	-	1 056
Unearned revenue	444	-	444
	83 842	130 748	214 590

18. Capital Management

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

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 2019.

Capital comprises share capital, Statutory reserve, voluntary reserve, fair value reserve and Retained earnings (accumulated losses), and is measured at JD 2 087 398 as at 31 December 2019 (2018: JD 2 126 509).

19. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

Amendments with no material effect on the financial statements of the company:

Annual improvements to IFRSS issued between 2015 and 2017 Improvements include amendments to IFRS (3) Business Combinations, (11) Joint Arrangements, International Accounting Standards (12), Income Taxes and (23) Borrowing Costs.

IFRIC (23) Uncertainty on the Treatment of Income Tax

The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and specifically addresses:

- Whether the tax treatment should be considered in aggregate;
- Assumptions regarding the procedures for the examination of tax authorities;
- Determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates;
- The impact of changes in facts and circumstances.

Effect of Application of IFRS 16 "Leases"

The Standard provides a comprehensive model for determining and treating lease arrangements in the financial statements of both lessors and lessees. It will also replace IAS 17 "Leases" and related interpretations when it becomes effective for the financial periods beginning on or after January 1, 2019.

As permitted by the transitional provisions of IFRS 16, the Company will not restate the comparative figures. Any changes in the carrying amount of assets and liabilities at the date of transition are recognized in the opening balances of the related balances.

There is no material difference between the accounting treatment in the lessor's books between IFRS 16 and IAS 17.

The change in the definition of the lease relates mainly to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the use of a specific asset and the control is present if the customer has:

The right to a substantial degree of all economic benefits arising from the use of specific assets ; and

The right to direct the use of these assets.

The management of the Company believes that the impact of application of IFRS 16 is immaterial and will not be reversed on the Company's financial statements since there is no leases contract

Amendments to IFRS 9 Financial Instruments.

These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.

Amendments to IAS (28) "Investment in Associates and Joint Ventures".

These amendments relate to long-term shares in allied enterprises 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 forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.

Amendments to IAS 19 Employee Benefits.

These amendments relate to adjustments to plans, reductions, or settlements.

Amendments to IFRS (9) "Financial Instruments"

These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.

20. Comparative figures

Some of the comparative figures for the year 2018 have been reclassified to correspond with the year ended 31 December 2019 presentation and it did not result in any change to the last year's operating results.