ـ بورصه عمان
١ ـ أ.سيد عمر
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disclosure

From:	<Mohammad Tantour <MTantour@nuqulgroup.com
Sent:	23 تموز، 2020 08:58 ص
To:	disclosure
Cc:	info; Nour Al-Sfouq; Mohammad Al-Qiam
Subject:	شركة الاستثمارات والصناعات المتكامله
Attachments:	ميزانية شركة الاستثمارات والصناعات المتكامله - 2019 - اللغه الانجليزيه.pdf

الساده هيئة الاوراق الماليه المحترمين،

اشاره الى كتابكم رقم 20/00892/1/12 المرسل الينا بتاريخ 16-07-2020، نرفق لكم بطيه البيانات الماليه السنويه للسنه المتهيه بتاريخ 31-12-2019 لشركة الاستثمارات والصناعات المتكامله المساهمه المحدوده باللغه الانجليزيه.

مع فائق الاحترام

Best Regards

Mohammad Tantour
Investment and Finance Manager
The Promise

NUQUL GROUP
SINCE 1952
PROMISE
HOLDING

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
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INVESTMENTS & INTEGRATED INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY – HOLDING COMPANY)
AND ITs SUBSIDIARIES
AMMAN - JORDAN

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

INVESTMENTS & INTEGRATED INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY – HOLDING COMPANY)
AND ITs SUBSIDIARIES
AMMAN – JORDAN

FOR THE YEAR ENDED DECEMBER 31, 2019

Contents

Independent Auditor's Report

To the Shareholders of Investments & Integrated Industries Company
(Public Shareholding Company – Holding Company)
Amman – Jordan

Opinion

We have audited the consolidated financial statements of Investments & Integrated Industries Company (Public Shareholding Company – Holding Company) and its subsidiaries ("the Company"), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of income, other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as 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 (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in accordance with International Ethics Standards Board for Accountants Code of Ethics, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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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 period. 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. Key audit matters are described below:

Measurement of Fair Value of Financial Assets	How the matter was addressed in our audit
The book value of the Financial assets at fair value through other comprehensive income amounted to JOD 10,217,938 as of December 31, 2019, which represents 55% of the Company's total assets. The revaluation of these assets at fair value could have material effect on the value of the Company's assets and the components of other comprehensive income. The financial assets represent one of the main operating activities of the Company, and the selection of valuation technique used in measuring the fair value of these assets is highly depending on management estimates.	Our audit procedures included the assessment of the Company's procedures used in measuring the fair value of Financial assets at fair value through other comprehensive income and examining the trading prices of these assets in the related equity securities markets. The techniques used by the Company's management in measuring the fair value of these financial assets include: 1. Year-end closing prices for equity securities traded in the regular market. 2. Year-end closing prices for equity securities traded in the Over the Counter (OTC) Market. The Company's management believes that the OTC prices for these securities represent the most suitable base for measuring the fair values of these securities. Details and accounting policy of financial assets at fair value through other comprehensive income are disclosed in the accompanying consolidated financial statements under Notes (13) and (4) respectively.

The accompanying notes from (1) to (31) are an integral part of these consolidated financial statements.

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Other Information

Management is responsible for the other information. The other information does not include the consolidated financial statements and our auditors' report on the consolidated financial statements.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management considers is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our audit report that includes our opinion on the consolidated financial statements.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

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

The accompanying notes from (1) to (31) are an integral part of these consolidated financial statements.

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As part of audit process in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, we will modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion on the consolidated financial statements.
- We communicate with those charged with governance regarding, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore, the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records. The accompanying consolidated financial statements are, in all material aspects, in agreement with the Company's accounting records, and we recommend that the Company's General Assembly approves these consolidated financial statements.

*This audit report on the consolidated financial statements is a translated version of the original audit report on the consolidated financial statements issued in Arabic, in case of a discrepancy, the Arabic original will prevail.

Matrix Consulting International

Raied Ramini
License No. (610)

Amman - Jordan
April 30, 2020

MATRIX CONSULTING INTERNATIONAL
Audit & Financial Advisory Services

The accompanying notes from (1) to (31) are an integral part of these consolidated financial statements.

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INVESTMENTS & INTEGRATED INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY – HOLDING COMPANY)
AND ITs SUBSIDIARIES
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Jordanian Dinar

		As of 31 December,	
	Note	**2019**	**2018**
Assets			
Current Assets			
Cash on hand and at banks	5	19,143	17,293
Trade receivables and checks under collection-net	6	2,603,653	3,794,186
Loan to related party	7	-	106,751
Inventory	8	2,853,156	3,883,599
Other debit balances	9	186,442	277,842
Total current assets		5,662,394	8,079,671
Property and equipment	10	1,590,918	1,653,661
Rael Estate Investment	11	300,511	300,511
Investment in associate companies	12	674,060	1,025,028
Financial assets at fair value through other Comprehensive income	13	10,217,938	14,303,451
Total Assets		18,445,821	25,362,322
Liabilities and Shareholders' Equity			
Current Liabilities			
Due to banks	14	898,122	955,925
Short term portion of loans	15	4,536,335	3,828,600
Accounts payable		783,789	2,905,324
Other credit balances	16	1,869,208	5,541,778
Total Current Liabilities		8,087,454	13,231,627
Long term loans	15	7,373,600	9,784,200
Total Liabilities		15,461,054	23,015,827
Shareholders' equity			
Capital	17	14,500,000	14,500,000
Statutory reserve	18	111,641	92,359
Fair value reserve	13	(8,288,143)	(5,945,613)
Accumulated losses		(3,645,566)	(6,603,179)
Shareholders' equity		2,677,932	2,043,567
Non-controlling interest		306,835	302,928
Net Shareholders' Equity		2,984,767	2,346,495
Total Liabilities and Shareholders' Equity		18,445,821	25,362,322

The accompanying notes from (1) to (31) are an integral part of these consolidated financial statements.

INVESTMENTS & INTEGRATED INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY – HOLDING COMPANY)
AND ITs SUBSIDIARIES
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF INCOME

Jordanian Dinar	Note	For the year ended December 31, 2019	2018
Sales	19	6,726,201	12,923,298
Less: Cost of sales	20	(5,733,430)	(11,735,347)
Gross Profit		992,771	1,187,951
Less: General, administrative and marketing expenses	21	(966,497)	(1,152,718)
Add: Other income	22	1,285,367	1,304,946
Less: Interest expenses		(919,383)	(920,527)
Less: Share in loss of associate companies	12	(351,850)	(118,450)
Add: Change in provision for doubtful debt	6	1,333	-
Add: Company's share in amortized losses of subsidiaries		151,081	-
(Less): Change in inventory provision	8	-	(134,672)
Profit for the year before Income Tax		192,822	166,530
Income tax of prior years		-	(190,166)
Profit (Loss) for the year		192,822	(23,636)
Allocated as Follows:			
Company's shareholders		220,752	21,005
Non-controlling interest		(27,930)	(44,641)
		192,822	(23,636)
Basic and diluted profit per share	25	0.15%	0.01%

The accompanying notes from (1) to (31) are an integral part of these consolidated financial statements.

INVESTMENTS & INTEGRATED INDUSTRIES COMPANY
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CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Jordanian Dinar	For the year ended December 31, 2019	2018
Profit (loss) for the year	192,822	(23,636)
Add Other Comprehensive Income Items:		
Profit (Loss) from sale of financial assets at fair value through other comprehensive income	2,756,143	(4,240)
Change in fair value of financial assets at fair value through other comprehensive income	(2,343,412)	588,082
Share from other comprehensive income of associate companies	882	(2,161)
Total profit and Other Comprehensive Income	606,435	558,045
Allocated as Follows:		
Company's shareholders	634,365	602,686
Non-controlling interest	(27,930)	(44,641)
	606,435	558,045

The accompanying notes from (1) to (31) are an integral part of these consolidated financial statements.

INVESTMENTS & INTEGRATED INDUSTRIES COMPANY
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AMMAN – JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In Jordanian Dinar	Capital	Statutory reserve	Fair value reserve	Accumulated losses	Total	Non- controlling interest	Total
For the year ended 31 December 2019							
Beginning balance	14,500,000	92,359	(5,945,613)	(6,603,179)	2,043,567	302,928	2,346,495
Profit and other comprehensive income	-	-	(2,342,530)	220,752	(2,121,778)	(27,930)	(2,149,708)
Profit from sale of financial assets	-	-	-	2,756,143	2,756,143	-	2,756,143
Non – controlling interest share in amortized losses of subsidiaries	-	-	-	-	-	31,837	31,837
Statutory reserve	-	19,282	-	(19,282)	-	-	-
Ending Balance	14,500,000	111,641	(8,288,143)	(3,645,566)	2,677,932	306,835	2,984,767
For the year ended 31 December 2018							
Beginning balance	14,500,000	75,706	(6,531,534)	(6,603,291)	1,440,881	347,569	1,788,450
Profit and other comprehensive income	-	-	585,921	21,005	606,926	(44,641)	562,285
Loss from sale of financial assets	-	-	-	(4,240)	(4,240)	-	(4,240)
Statutory reserve	-	16,653	-	(16,653)	-	-	-
Ending Balance	14,500,000	92,359	(5,945,613)	(6,603,179)	2,043,567	302,928	2,346,495

The accompanying notes from (1) to (31) are an integral part of these consolidated financial statements.

INVESTMENTS & INTEGRATED INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY – HOLDING COMPANY)
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AMMAN – JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Year Ended December 31,	
Jordanian Dinar	**2019**	**2018**
Cash flows from Operating Activities:		
Profit for the year before Income tax	192,822	166,530
Adjustments:		
Depreciation	66,882	70,937
Share in associate company's operating results	351,850	118,450
Non – controlling interest share in amortized losses of subsidiaries	31,837	-
Interest expenses	919,383	920,527
Change in inventory provision	-	134,672
Change in provision for doubtful debt	(1,333)	-
Changes in working capital items:		
Inventory	1,030,443	275,862
Trade receivables and checks under collection	1,191,866	300,558
Other debit balances	92,796	201,936
Accounts payable	(2,121,535)	(528,645)
Other credit balances	50,065	(173,357)
Net Cash Flows from Operating Activities before Income Tax	1,805,076	1,487,470
Income tax paid	(1,608)	(304,153)
Net Cash Flows from Operating Activities	1,803,468	1,183,317
Cash flows from Investing Activities:		
Purchase of property and equipment	(4,139)	(104,994)
Collection of related parties' loans	106,751	77,543
Proceeds from sale of financial assets	4,498,244	4,225
Net Cash Flows from (used in) Investing Activities	4,600,856	(23,226)
Cash Flows from Financing Activities:		
Due to related parties	(3,722,423)	2,020,975
Loans and due to banks	(1,760,668)	(2,886,518)
Interest paid	(919,383)	(920,527)
Net Cash Flows used in Financing Activities	(6,402,474)	(1,786,070)
Net change in cash and cash equivalents	1,850	(625,979)
Cash and cash equivalents at the beginning of the year	17,293	643,272
Cash and Cash Equivalents at the end of the year	19,143	17,293

Non-cash items:

The accumulated losses of Quality Printing Press Company (subsidiary) in the amount of JD. 182,918 have been amortized through the current account of Elia Nuqul & Sons Company (partner).

The accompanying notes from (1) to (31) are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) General

a. Establishment and objectives:

Investments & Integrated Industries Company (public shareholding company) "The Company" was established and registered in the ministry of industry and trade of Jordan under no. (281) on April 20, 1995.
The main objectives of the company include managing its subsidiaries, participating in managing other entities in which the company has ownership, investing in equity and debt securities, and granting finance for its subsidiaries.

b. Employees:

The Company's number of employees as of December 31, 2019 was 71 employees (121 employees as of December 31, 2018).

c. Approval of consolidated financial statements:

The consolidated financial statements have been approved by the Board of Directors in their meeting held on April 30, 2020. These financial statements require the approval of the Company's General Assembly.

2) Basis of Preparation of the Consolidated Financial Statements

Statement of compliance

The consolidated financial statements have been prepared in accordance with international financial reporting standards.

Basis of financial statements consolidation

The consolidated financial statements comprise of the financial statements of Investments & Integrated Industries company (the "Parent Company") and its subsidiaries which are subject to its control. Subsidiaries are entities controlled by the parent company .The parent company controls subsidiaries when it is exposed, or has rights, to variable returns from its involvement with these subsidiaries and has the ability to affect those returns through its power over these subsidiaries.

Balances, transactions and unrealized profits and expenses resulted from transactions within the group are eliminated when preparing these consolidated financial statements.

Consolidated financial statements are prepared for the subsidiaries to the same financial year of the parent company and using the same accounting policies adopted by the parent company.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which controls commences until the date on which control ceases.

Use of estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

In particular, information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

- Management estimates the provision for income tax in accordance with the prevailing laws and regulations and International Financial Reporting Standards.
- A provision for doubtful debts is taken on the basis and periodic estimates approved by management.
- A provision for inventory decrease to net realizable value is taken if the selling price of inventory fall below cost or any other factors that causes the recoverable amount to be lower than its carrying amount.
- Management periodically reassesses the economic useful lives of tangible assets based on the general condition of these assets and the expectation for their useful economic lives in the future.
- Management frequently reviews the lawsuits raised against the company based on a legal study prepared by the company's legal advisors. This study highlights potential risks that the company may incur in the future.

Management believes that its estimates and judgment are reasonable and adequate.

Functional and presentation currency

The consolidated financial statements are presented in Jordanian Dinar, which is the Company's functional currency.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the financial assets and liabilities which are measured at fair value.

Functional and presentation currency

The consolidated financial statements are presented in Jordanian Dinar, which is the Company's functional currency.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the financial assets and liabilities which are measured at fair value.

3) Changes in Accounting Policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those adopted for the year ended 31 December 2018, except for the adoption of new standards and amendments effective as of 1 January 2019.

Impact of the application of the International Financial Reporting Standard 16 "Lease Contracts":

The associate company (Packing Industries Company) applied the International Financial Report Standard 16 "Lease contracts" for the first time, which replaces the International Accounting Standard (17) "lease contracts", and the Interpretation of the International Standards Interpretation Committee for the International Financial Reporting Standard (4) "whether the arrangement contained a lease contract", and the Interpretation of the International Standards Interpretation Committee for the International Financial Reporting Standard (15) "Operating Lease Contracts - Incentives", and the Interpretation of the International Standards Interpretation Committee for the Standard (27) "evaluation of the substance of the transactions involving legal form of the lease contract".

International Financial Reporting Standard (16) determines the principles of recognition, measurement, presentation, and disclosure of lease contracts, and requires lessees to account for most leased contracts under a single model within the consolidated financial position.

The Company has applied the following practical methods of the International Financial Reporting Standard (16):

- Use a single discount rate on a portfolio of reasonably similar leases.
- Accounting for operating lease contracts in accordance with International Accounting Standard (17) as a short- term lease contract with a remaining contract period of less than 12 months from January 1, 2019.
- Excluding direct initial costs from the measurement of the right of use assets at the date of the first application.
- Use an estimate to determine the duration of the lease for contracts that include options for extension or termination.

In the application of the International Financial Report Standard (16), the Company recognized the obligations of lease contracts and related right of use assets. Lease obligations are measured at the present value of remaining future rent installments using a discount rate equivalent to the incremental borrowing rate charged to the Company's loans. Related right of use asset is measured at an amount equals to lease obligation adjusted for the balance of advance lease payment as of January 1, 2019. As at December 31, 2018, the weighted average of the lessee's incremental borrowing rate applied to contract obligations was 7.75%.

Amended International Financial Reporting Standards in effect for the current year:

During 2019, the Company has implemented several amendments on international financial reporting standards and interpretations of international financial reporting standards for which take effect for the annual periods that begin on or after January 1, 2019. The implementation of these amendments has had no material impact on the disclosures or amounts included in the accompanying consolidated financial statements. These amendments include:

- Amendments on International Financial Reporting Standard (9): Prepayment features with negative compensation,
- Amendments on International Accounting Standard 28: long-term interests in associates and joint ventures,
- Annual cycle of improvements on International Financial Reporting Standards 2015-2017,
- Amendments on International Accounting Standard 19: plan adjustments,
- Interpretation of the International Standards Interpretations Committee 23: Uncertainty over income tax treatment.

4) Significant Accounting Policies

Current and non-current classification of assets and liabilities

The Company presents current and non-current assets, and current and non-current liabilities, as separate classifications in its consolidated statement of financial position as follows:

The Company classifies an asset as current when:

- it expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realize the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The Company classifies a liability as current when:

- it expects to settle the liability in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and short-term deposits with a maturity of three months or less.

Financial assets

At initial recognition, financial assets are classified as subsequently measured at either amortized cost, or fair value through other comprehensive income, or fair value through profit or loss. At initial recognition, a financial asset shall be measured at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent measurement of financial assets depend on their classifications as follows:

Financial assets at amortized cost

After initial recognition, these assets are measured at amortized cost using the effective interest method and will be subject to impairment. Gain or loss on the financial assets that are measured at amortized cost shall be recognized in profit or loss when the financial asset is derecognized or impaired. Financial assets measured at amortized cost include cash and cash equivalent and trade receivables.

Financial assets at fair value through other comprehensive income

These assets represent investments in equity instruments with the intention to keep them as a long-term investment. When purchasing these assets they are recognized at fair value including acquisition expenses then to be re-evaluated later at fair value, where changes in the fair value appears in the consolidated statement of other comprehensive income and owners' equity including the change in fair value resulting from the differences in conversion of non-monetary assets items in foreign currencies, in case of selling such assets or part thereof profits or losses to be recorded in the consolidated statement of other comprehensive income and owners' equity where the valuation reserve balance of the sold assets should be directly transferred to the retained earnings and losses and not through the consolidated statement of income. These assets are not subject to impairment loss testing.

Financial Assets at fair value through profit or loss

These assets are presented in the consolidated statement of financial position at fair value. Changes in the fair value of these assets are recognized as profit or loss in the consolidated statement of income.

Derecognition of financial assets

The Company derecognizes financial assets when: (a) the contractual rights to the cash flows from the financial asset expire, or (b) it transfers the financial asset and the transfer qualifies for derecognition.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event had a negative effect on the estimated future consolidated cash flows of that asset that can be estimated reliably. Such evidence might include indications that the borrowers are facing significant financial difficulties, or they are in default in respect of settling their principal and interest payments, and it's probable that they will go into liquidation or financial restructuring.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in-first-out principle and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. 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.

Property and Equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. An item of property and equipment is derecognized upon disposal. Any gains or losses arising from derecognizing of the asset are included in the consolidated statement of income when the asset is derecognized. Items of property and equipment are depreciated on a straight- line basis over the estimated useful lives of each part of an item of property and equipment, except land. The estimated useful lives of property and equipment are as follows:

Items of property and equipment	Depreciation rate
Machinery and equipment	8%
Furniture and office equipment	12-33%
Vehicles	15%
Leasehold improvements	4-15%

The Company reviews the useful lives and depreciation method for the property and equipment on a periodic basis to ensure that they are in line with the estimated economic benefits from these assets.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceeded the estimated recoverable amount, the assets are written down to their recoverable amount and recognized as loss in the consolidated statement of income.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists or when the International Financial Reporting Standards require annual testing of impairment, then the asset's recoverable amount is estimated. Recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. All impairment losses are recognized in the consolidated statement of income.

Investment in subsidiaries

Subsidiaries are those entities in which the Company has control over their financial and operating policies. Investee is considered a subsidiary if the parent Company holds over 50% of its voting rights.

Interests in subsidiaries are accounted for using the equity method in both separate and consolidated financial statements.

Financial liabilities

At initial recognition, financial liabilities are classified as subsequently measured at either amortized cost using the effective interest method, or fair value through profit or loss, or as derivatives. At initial recognition, financial liabilities are measured at their fair value. Financial liabilities measured at amortized cost are measured at their fair value less transaction costs that are directly attributable to the financial liabilities. Subsequent measurement of financial assets depend on their classifications as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss, include financial liabilities held for trading and financial liabilities designated at initial recognition as financial liabilities at fair value through profit or loss, are subsequently measured at fair value.

Loans and due to banks

Loans and due to banks are recognized initially at fair value including their related direct costs, then recorded later at amortized cost using the effective interest method.

Accounts payable and accruals

Accounts payable and accruals are obligations to pay for goods or services that have been acquired. These obligations are recorded whether billed by the supplier or not.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Revenue recognition

Revenue from sale of goods is measured at the fair value of consideration received or receivable in the normal course business activities. Revenue is recognized in the consolidated statement of income when the control over the goods is transferred to the customer, or when the goods are delivered to the customer providing that there is no obligation liabilities that affects acceptance of the goods by the customer.

Income tax

The income tax provision is calculated in accordance with the prevailing Income Tax Law, and in accordance with International Accounting Standard No. 12, which requires that the Company recognizes deferred tax in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Company.

The Company measures the fair value of assets and liabilities based on the assumptions that market participants would use when pricing the asset or liability, assuming that the market participants are acting according to their economic benefit.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair values of assets and liabilities are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Offsetting

Financial liabilities are set off against financial assets, and the net amount is shown in the consolidated statement of financial position only when the obliging legal rights are available or when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

Foreign Currency Transactions

Transactions in foreign currencies during the year are translated at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jordanian Dinar at the exchange rate at that date.

Foreign currency differences arising on retranslation of foreign currencies to Jordanian Dinar are recognized in the consolidated statement of income.

Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

5) **Cash on hand and at banks**

This item represents cash balance on hand and at banks as of December 31, 2019.

6) **Trade receivables and checks under collection**

Jordanian Dinar	As of December, 31	
	2019	**2018**
Trade receivables	3,049,432	3,865,095
Checks under collection	528,007	904,210
Total	3,577,439	4,769,305
Less: Provision for doubtful accounts*	(973,786)	(975,119)
Net receivables and checks under collections	2,603,653	3,794,186

*The movement on the provision for doubtful accounts during the year was as follows:

Jordanian Dinar	As of December, 31	
	2019	**2018**
Balance at the beginning of the year	975,119	1,022,996
Less: Written off	-	(47,877)
Less: Reversal of provision	(1,333)	-
Balance at the end of the year	973,786	975,119

7) **Loan to related party**

This item represents the remaining outstanding balance of the loan granted to Al Yaqoot Real Estate Company in the amount of JOD 600,000. This loan was granted for the purpose of financing part of the construction cost and other activities of Galleria Mall (owned by Al Yaqoot Real Estate Company)

This loan is subject to interest rate of 9% in addition to 2% as a penalty on the amounts that are not settled on due dates. This loan is convertible to ordinary shares in Amwaj for Commercial and investment projects (Private Shareholding Company – Investor in Al Yaqoot).

On June 7, 2018 the outstanding balance of the loan in the amount of JD 191,225 was rescheduled and agreed to be paid over 16 monthly installments starting from June 30, 2018 in the amount of JD 12,286.266 for each installment (except the last installment which will represents the remaining balance) until the loan is fully settled. It was also agreed that the outstanding amount of penalties as of the June 7, 2018 (JOD 63,891) will be waived if Al Yaqoot Real Estate Company committed to settle all installments on due dates.

The company did not recognize any interest income during the year ended December 31, 2019 as management expects that Al Yaqoot Real Estate Company will settle all installments on due dates.

The remaining outstanding balance of this loan as of December 31, 2019 amounted to JOD Zero (JOD 106,751 as of December 31, 2018).

8) Inventory

Jordanian Dinar	As of December 31,	
	2019	2018
Finished goods	1,954,939	3,030,250
Raw materials	738,493	648,575
Work in progress	62,333	104,905
Spare parts	337,992	340,470
Total	3,093,757	4,124,200
Less: provision for damaged inventory *	(240,601)	(240,601)
Net	2,853,156	3,883,599

*The movement on the provision during the year was as follows:

Jordanian Dinar	As of December 31,	
	2019	2018
Balance at the beginning of the year	240,601	105,929
Add: Provision during the year	-	134,672
Balance at the end of the year	240,601	240,601

9) Other debit balances and Related parted

Jordanian Dinar	As of December 31,	
	2019	2018
Due from related parties (note 23)	62,370	91,731
Goods in transit	18,013	56,877
Income tax	44,966	43,570
Refundable deposits	21,817	21,817
Due from employees	7,865	26,574
Prepaid expenses	12,663	20,315
Advance payments to suppliers	17,624	16,240
Miscellaneous	1,124	718
Total	186,442	277,842

10) Property and equipment

Jordanian Dinar	Land	Machines & equipment	Vehicles	Leasehold improvements	Furniture	Projects under construction	Total
Cost							
Balance 1/1/ 2019	1,312,500	2,023,655	138,652	174,146	159,184	104,994	3,913,131
Additions	-	4,139	-	-	-	-	4,139
Transfer from projects under construction	-	71,426	-	-	-	(71,426)	-
Balance 31/12/ 2019	1,312,500	2,099,220	138,652	174,146	159,184	33,568	3,917,270
Accumulated Depreciation							
Balance 1/1/ 2019	-	1,883,567	112,027	108,743	155,133	-	2,259,470
Depreciation for the year	-	48,919	4,822	9,520	3,621	-	66,882
Balance 31/12/2019	-	1,932,486	116,849	118,263	158,754	-	2,326,352
Net Book value 31/12/2019	1,312,500	166,734	21,803	55,883	430	33,568	1,590,918
Net Book value 31/12/2018	1,312,500	140,088	26,625	65,403	4,051	104,994	1,653,661

11) Real Estate Investment

The details of this item as of December 31, 2019 are as follows:

Jordanian Dinar	Land	Machines & equipment	Total
Cost			
Beginning balance	34,726	1,852,758	1,887,484
Ending Balance	34,726	1,852,758	1,887,484
Accumulated Depreciation			
Beginning balance	-	1,055,675	1,055,675
Ending Balance	-	1,055,675	1,055,675
Provision for revaluation*	265,784	(797,082)	(531,298)
Net Book value 2019	300,510	1	300,511
Net Book value 2018	300,510	1	300,511

* This item represents the accumulated earnings (losses) resulted from the revaluation of the land and buildings of FQ company (subsidiary).

12) Investment in associate company

Company	Product	Ownership %	As of 31 December, 2019	2018
			Jordanian Dinar	
Packing industries	Flexible packaging materials	44.11	674,060	1,025,028
Total			674,060	1,025,028

The movement on the investment in associate company balance during the year was as follows:

Jordanian Dinar	2019	2018
Beginning balance	1,025,028	1,145,639
Company's share in the associate loss	(351,850)	(118,450)
Company's share in the associate other comprehensive income	882	(2,161)
Ending Balance	674,060	1,025,028

13) Financial assets at fair value through other comprehensive income

Jordanian Dinar	As of December 31, 2019	2018
Shares listed in local principal market	9,644,264	13,413,028
Shares traded in local OTC market	352,214	668,963
Unlisted companies	221,460	221,460
Total	10,217,938	14,303,451

The movement on the fair value reserve during the year was as follows:

Jordanian Dinar	As of December 31, 2019	2018
Beginning balance	(5,945,613)	(6,531,534)
Change in fair value of financial assets	271,569	581,622
Cumulative change in fair value of derecognized financial assets	(2,614,099)	4,299
Net	(8,288,143)	(5,945,613)

Valuation technique

a) Shares listed in local principal market:

Fair values of shares listed in local principal market have been determined by reference to year-end closing price. Details of these shares as of December 31, 2019 are as follows:

Company	No. Shares	Book Value before Valuation	Closing Price	Fair Value	Unrealized (Loss)
Delta Insurance Co.	1,251,331	1,476,571	1/05	1,313,898	(162,673)
Pearl Sanitary Paper Co.	7,000	14,350	2/52	17,640	3,290
Al Rai	53,889	15,089	0/24	12,933	(2,156)
International Co.- vegetarian oil	1,609,666	2,639,852	1/84	2,961,786	321,934
Bank El Mal	5,338,007	4,910,966	1	5,338,007	427,041
Less: share in other comprehensive income of associate	-	-	-	-	882
		9,056,828		9,644,264	588,318

b) Shares traded in local OTC market:

During 2016, and according to the Regulating Directives for Trading in Unlisted Securities at the ASE issued dated 12/4/2016, the shares of Amwaj Real Estate Company and Amwal Invest Company became OTC traded. As a result, the Company's management has used their year- end closing prices in determining the fair value of investments in these shares. Management's believe that the quoted prices of these shares in OTC market are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs. Details of these investments are as follows:

Company	No. Shares	Book Value before Valuation	Closing Price	Fair Value	Unrealized (Loss)
Amwaj Real Estate	3,514,727	667,798	0/10	351,473	(316,325)
Amwal Invest	10,588	1,165	0/07	741	(424)
		668,963		352,214	(316,749)

c) Unlisted Companies:

Investment in equity securities of unlisted companies are evaluated at actual cost/book value. Details of investment in equity securities of unlisted companies are as follows:

Company	No. Shares	Book Value before Valuation	Fair Value	Unrealized (Loss)
Kuwaiti Jordanian Holding Co.	174,000	43,960	43,960	-
Dead Sea Company for Truism Investments	177,500	177,500	177,500	-
		221,460	221,460	-

Total number of shares blocked against membership in the board of directors of the following Investments is 101,500 shares:

Company	No. Shares
International Company - vegetarian oil	20,000
Delta Insurance Co.	500
Bank El Mal	25,000
Amwaj Real Estate Company	50,000
Pearl Sanitary Paper Co.	5,000
Al Rai	1,000
Total	101,500

14) Due to banks

This item represents the credit facilities granted to the Company from local banks in Jordanian Dinar and US Dollar, bearing interest rates of 8.375% and 7.0% respectively per annum. The outstanding balance of due to banks as of December 31, 2019 was JOD 898,122 (JOD 955,925 as of December 31, 2018). These facilities are granted against personal guarantees from shareholders.

15) Loans

This item represents the loans granted to the Company from local banks against personal guarantees from shareholders. Details of these loans are as follows:

	2019		2018	
Bank	**Short-term**	**Long-term**	**Short-term**	**Long-term**
Arab Bank (1)	3,011,127	7,373,600	2,410,600	9,784,200
Arab Bank (2)	695,678	-	1,418,000	-
Arab Bank (3)	829,530	-	-	-
Total	4,536,335	7,373,600	3,828,600	9,784,200

Arab Bank (1):

During 2013, The Company has signed a loan agreement with Arab Bank amounting to USD 28,000,000. The loan bears an interest rate similar to interest rate applicable on the LIBOR - 3 months plus a margin of 2.5% with a minimum interest rate of 4% per annum. The purpose of this loan is to settle the overdrafts ceilings granted to the Company in different currencies in the amount of USD 17,200,000, the declining loan in the amount of USD 6,300,000 and the temporary excess in amounts withdrawn from banks overdrafts.

The loan principal is repayable over 24 equal quarterly installments of USD 1,200,000 (except the last installment in the amount of USD 400,000) starting from March 30, 2014.

During 2015, an amount of USD 18,400,000 was paid into the loan by partners (Elia Nuqul and sons Co.).

On March 9, 2016, the Company has signed an addendum to increase the loan balance by USD 14,400,000 to replace the facilities granted by Etihad Bank, Bank of Jordan, Housing Bank and Kuwaiti Bank.

The total amount of the loan after increase is repayable over 28 equal quarterly installments of USD 850,000 (except the last installment in the amount of USD 1,050,000) starting one year after signing the addendum.

According to the aforementioned addendum, interest rate has been adjusted to LIBOR 3 – months plus a margin of 2.75% with a minimum interest rate of 3.5%.

The bank has the right to adjust the interest margin providing that a notice is issued to the Company before 30 from the date of adjustment.

Interest is calculated based on the loan daily outstanding balance and paid every three months.

The aggregate amounts (in JOD) and maturities of the loans are as follows:

Year	Amount
2021	2,410,600
2022	2,410,600
2023	2,552,400
Total	7,373,600

Arab Bank (2):

During 2006, Quality Printing Press Company (subsidiary) has signed a revolving loan agreement with Arab Bank amounting to USD 2,000,000 to finance letters of credit. The loan bears an interest rate similar to interest rate applicable on the LIBOR plus a margin of 2% with a minimum interest rate of 3.25% per annum. The loan is repayable after six months from the date of withdrawal.

Arab Bank (3)

During 2019, Quality Printing Press Company (subsidiary) has signed a declining loan agreement with Arab Bank amounting to USD 2,000,000. The loan bears an interest rate similar to interest rate applicable on the LIBOR plus a margin of 2.75% payable on a monthly basis. The loan is repayable over 12 months at an equal monthly installment of USD 166,000 for the first 11 installments and USD 174,000 for the last installment. The first installment is payable on August 30, 2019.

The above loans are granted against personal guarantees from shareholders

16) Other credit balances

Jordanian Dinar	As of December 31, 2019	2018
Due to related parties (note 23)	1,562,726	5,285,149
Accrued expenses	138,486	94,105
Sales tax	117,286	56,689
Sales commissions	15,617	18,569
Unearned revenue	9,003	8,782
Social security	8,761	13,669
Other deposits	7,626	15,444
Income tax	593	805
Other	9,110	9,146
Provision for legal cases – labor	-	39,420
Total	1,869,208	5,541,778

17) Capital

Upon the approval of the Board of Security and Exchange Commission (No. 204/2012) dated May 22, 2012, the authorized paid up capital increased from JOD 500,000 (1 JOD /share) to JOD 14,500,000 (1 JOD /share) through offering the incremental shares for subscription by the Company's existing shareholders. Use of these shares are restricted for two years from the date of subscription.

18) Statutory reserve

This item represents total amounts deducted from annual pre-tax net profit (10%) for the account of the statutory reserve according to the Companies Law of Jordan. Amounts accumulated in this account are not subject to distribution to the shareholders. The company`s general assembly has the right to decide in an extra ordinary meeting, to amortize accumulated losses through this reserve.

19) Sales

	For the year ended December 31,	
Jordanian Dinar	**2019**	**2018**
Local sales - net	6,578,059	9,554,743
Export sales - net	148,142	3,368,555
Total	6,726,201	12,923,298

20) Cost of sales

Jordanian Dinar	For the year ended December 31, 2019	2018
Raw material used in production	3,373,715	9,814,080
Cost of finished goods	694,734	1,486,161
Add: Manufacturing overheads:		
Employees' salaries, wages and benefits	312,777	370,781
Social security contributions	32,671	44,015
Labor transportation	24,260	51,351
Depreciation	52,767	56,445
Maintenance	32,092	79,653
Utilities	36,622	69,139
Temporary labor	5,051	70,118
Insurance	7,794	7,661
Medical insurance and treatments	19,767	22,138
Consumables	4,954	36,360
Miscellaneous	17,745	34,205
Uniforms	598	3,586
Marine damage expenses	-	65,377
Total manufacturing overheads	547,098	910,829
Add: Work in progress – beginning balance	104,905	104,478
Less: Work in progress – ending balance	(62,333)	(104,905)
Cost of manufactured and ready goods	4,658,119	12,210,643
Add: Finished goods – beginning balance	3,030,250	2,554,954
Less: Finished goods – ending balance	(1,954,939)	(3,030,250)
Cost of Sales	5,733,430	11,735,347

21) General, administrative and marketing expenses

	For the year ended December 31,	
Jordanian Dinar	2019	2018
Employees' salaries, wages, and benefits	400,149	446,465
Governmental fees and expenses	71,776	50,736
Professional expenses	112,283	67,848
Depreciation	14,115	14,492
Social security contributions	52,774	69,532
General maintenance	10,863	15,971
Miscellaneous	16,550	9,319
Communication	4,465	6,858
Travel and transportation	10,359	21,596
Cleaning and entertainment	5,755	11,128
Stationery and computer expenses	3,822	12,396
Security and guarding	27,775	27,900
Medical insurance and treatments	17,833	19,543
Vehicles expenses	76,844	135,771
Tenders expenses	20,952	19,184
Insurance	12,098	10,626
Sales commission	28,700	68,552
Advertisement and exhibitions	61,034	91,099
Samples and gifts	4,064	18,101
Rent – Aqaba office	2,289	1,875
Temporary labor	2,615	10,986
Provision for legal cases – labor	-	16,420
Uniforms	260	2,476
Website design	4,420	3,844
Shipping and export expenses	4,702	-
Total	966,497	1,152,718

22) Other income

	For the year ended December 31,	
Jordanian Dinar	2019	2018
Dividends received	1,218,356	1,234,687
Sale of spare parts and defect items (1)	32,208	54,146
Other gains (losses)	8,014	(1,454)
Rental revenue	26,789	17,567
Total	1,285,367	1,304,946

(1): included in this item (2018) sale of raw materials in the amount of JOD 413,889 with a total cost of JOD 411,044 (net income from this transaction amounted to JOD 2,845).

23) Related parties' transactions:

Parties are considered related parties when one party has control or significant influence over the other party. Following is a summary of related party transactions and balance

- Salaries and other benefits for key management personnel of the Company (General Manager and Financial Manager) for the year ended December 31, 2019 amounted to JOD 80,509 (JOD 98,725 for the year ended December 31, 2018).
- On March 12, 2019. an amount of JD 286,006 of the accumulated losses of Quality Printing Press Company (subsidiary) was amortized as follows:
  - An amount of JD 182,918 from the Partner's current account (Elia Nuqul & Sons Company). This amount covers the shares of both Elia Nuqul & Sons Company (minority interest) and Investments & Integrated Industries Company in the accumulated losses of Quality Printing Press Company (subsidiary), therefore, the share of the Compan in the subsidiary's amortized losses was accounted for consolidated statement of income.
  - An amount of JD 103,090 from the statutory reserve of Quality Printing Press Company (subsidiary).
- On December 1, 2019 the Company sold JOD 4,735,000 shares of its investment in Bank El Mal (financial assets at fair value through other comprehensive income) to Elia Nuqul & Sons Company (partner) in the amount of JOD 4,498,250 (JOD 0.95 per share). This realized income from this transaction in the amount of JOD 2,756,143 was recordrd in the consolidated statement of other comprehensive income. The market value per shares as of the transaction date was JOD 4,782,350 (JOD 1.01 per share) which is higher than the actual sale price by JOD 284,100 (JOD 0.06 per share).

➢ The following transactions have been conducted with related parties during 2019:
- Sales to sister companies in 2019 in the amount of JOD 15,012.
- Purchases from sister companies in amount of JOD 23,351.
- Rental of offices and warehouses in the amount of JOD 7,380.

a. **Due from related parties:**	**Nature of relationship**	**As of December 31, 2019**	**2018**
Jordanian Dinar			
Saueressig Jordan	Sister	59,663	83,663
Nuqul Engineering and Contracting	Sister	659	173
Nuqul Automotive	Sister	300	441
Alsanouber Hygienic paper	Sister	1,748	-
Perfect Printing Press	Sister	-	2,381
Al Keena Hygienic Paper	Sister	-	5,073
Total		62,370	91,731

b. **Due to related parties:**

	Nature of relationship	**As of December 31, 2019**	**2018**
Jordanian Dinar			
Elia Nuqul & Sons	Owner	1,384,967	5,095,853
Al Naseem Trading	Sister	119,242	134,770
Fine Hygienic Paper-HO	Sister	30,460	24,296
Packing Industries	Associate	1,476	3,871
Masader Investments	Sister	2,098	4,266
Fine Hygienic Paper-Sahab	Sister	23,922	21,754
Fine Hygienic Paper-Dubai	Sister	561	339
Total		1,562,726	5,285,149

24) Income and sales tax

We set out here below the Group's income and sales tax status as of December 31, 2019:

Investments & Integrated Industries Company:

Income tax:

➢Income tax up to December 31, 2018 is finalized and settled.
➢No definite amounts due to Tax Department.
➢Tax returns for the year 2019 will be submitted within the legal deadline.

Sales tax:

➢Sales tax returns up to December 31, 2016 are audited by the Tax Department.
➢Sales tax returns up to December 31, 2019 are reviewed by the Company's Tax Advisor.
➢No definite amounts are due to Tax Department.

Quality Printing Press Company:

Income tax - Amman:

- Income tax up to December 31, 2016 is finalized and settled.
- Income taxes For the years 2017-2018 are not audited.
- Tax return for the year 2019 will be submitted within the legal deadline.
- No definite amounts are due to Tax Department.

Income tax - Aqaba:

- Income tax up to December 31, 2017 is audited.
- Income tax for the years 2010-2014 is finalized and settled.
- Income tax for the years 2015-2017 is the dispute stage.
- Tax return for the year 2019 will be submitted within the legal deadline.
- No definite amounts are due to Tax Department.

Sales tax - Amman:

- Sales tax returns up to December 31, 2016 are audited by the Tax Department.
- Sales tax returns up to December 31, 2019 are reviewed by the Company's Tax Advisor.
- No definite amounts are due to Tax Department.

Fa Kaf Company:

Income tax:

- Income tax up to December 31, 2018 is finalized and settled.
- No definite amounts are due to Tax Department.
- Tax returns for the year 2019 will be submitted within the legal deadline.

Sales tax:

- Starting from June 30, 2015, the Company's sales tax registration has been canceled, therefore, a final adjusted sales tax return has been submitted and the outstanding amount settled.

Oran Company:

Income tax:

- Income tax up to December 31, 2018 is finalized and settled.
- Tax returns for the year 2019 will be submitted within the legal deadline.
- No definite amounts are due to Tax Department.

25) Basic and diluted Profit per share

Jordanian Dinar	As of December 31, 2019	2018
Profit for the year	220,752	21,005
Weighted average number of shares	14,500,000	14,500,000
Basic and diluted profit per share for the year	0.15%	0.01%

26) Subsidiaries

The Company owns the following subsidiaries as of December 31, 2018 and 2019:

Company Name	Paid up Capital		Ownership %		Nature of Operation
	2019	2018	2019	2018	
Fa Kaf Consulting Company (1)	3,000,000	3,000,000	%98.20	%98.20	Management, industrial and trading consulting, and RE rental
Quality Printing Press	3,160,000	3,160,000	%82.59	%82.59	Stationery and library accessories
Oran for Investments	10,000	10,000	%100	%100	Investment

(1) On July 12, 2018, the Company's name was adjusted from Quality Food to Fa Kaf Consulting.

27) Operating Segment

The Company operates its activities in major operating segments, which represents investment, consulting, real estate leasing, and Printing. The following table presents information on the operating segments for the year ended December 31, 2019:

Jordanian Dinar	Investment	Fa Kaf Consulting	Printing	Elimination	Total
Revenues	-	-	6,726,201	-	6,726,201
Net financing expenses	(632,525)	(23)	(286,835)	-	(919,383)
profit (Loss) for the year	362,929	(8,717)	(161,390)	-	192,822
Company's share in associate (Loss)	(351,850)	-	-	-	(351,850)
Segment total assets	16,671,956	3,311,451	7,154,424	(8,692,010)	18,445,821
Segment total liabilities	15,667,592	40,553	5,735,814	(5,982,905)	15,461,054
Investment in associate	674,060	-	-	-	674,060

28) Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments.

- ➢Credit risk
- ➢Liquidity risk
- ➢Market risk (currency & interest rate risk)
- ➢Capital management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The management has overall responsibility for the establishment and oversight of Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables, due from related parties, and other debt balances, cash and cash equivalent and investments in debt securities.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Account	Carrying value as at	
Jordanian Dinar	2019	2018
Cash and cash equivalents	19,143	17,293
Accounts receivable and other debit balances	2,199,720	3,076,087
Checks under collection	528,008	904,210
Due from related parties	62,370	91,731
Loans to related parties	-	106,751
	2,809,241	4,196,072

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations when they become due. 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's reputation.

The following are the contracted maturities of financial liabilities (quantitative analysis of liquidity risk as of December 31, 2019):

Account	Book value	Contractual cash flow	Less than one year	More than one year
Jordanian Dinar				
Accounts payables and other credit balances	1,090,271	1,090,271	1,090,271	-
Due to banks	898,122	1,500,000	898,122	-
Due to related parties	1,562,726	1,562,726	1,562,726	-
Bank loans	11,909,935	11,909,935	4,536,335	7,373,600
Total	15,461,054	16,062,932	8,087,454	7,373,600

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Company's profit or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The following is a quantitative analysis of market risk as of December 31, 2019 (amounts are translated to Jordanian Dinar at the exchange rates prevailing on december 31, 2019):

Account	JOD	USD	Total
Cash and cash equivalent	19,134	-	19,134
Accounts receivable and other debit balances	2,199,720	-	2,199,720
Due to related parties – net	(1,562,726)	-	(1,562,726)
Financial assets at fair value through other comprehensive income	10,217,938	-	10,217,938
Accounts payable and other credit balances	(1,090,271)	-	(1,090,271)
Due to banks	(898,122)	-	(898,122)
Bank loans	-	(11,909,835)	(11,909,835)
Total	8,885,673	(11,909,835)	(3,024,162)

Currency Risk

The Company's exposure to foreign currency risk is resulted from sales, purchasing and financing in USD (exchange rate of USD to JOD is 0.71 as of December 31, 2019). Currency risk has not been hedged by the Company. The following analysis demonestrate the sensitivity of the consolidated statement of income to change in JOD exchange rate against USD by 10%, with all other variables constant:

Jordanian Dinar	2019	2018
Increase in JOD exchange rate against USD by 10%	(1,190,994)	(1,361,280)
Decrease in JOD exchange rate against USD by 10%	(1,190,994)	(1,361,280)

Interest rate risk:

Interest rate risk represents the risk of changes in interest rates in the market. In this regard loans and other bank facilities bear fixed and variable interest rates.

Capital management

The Company's policy is to maintain a strong capital base to maintain investor, creditor, and market confidence and to sustain future development of the business. The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There have been no changes in the Company's approach to capital management during the year.

Items included in the capital structure consiste of paid up capital, statutoty reserve, accumulated losses and fair value reserve in the amount of 2,947,128 JOD as of December 31,2019 (2,043,567 as of December 31,2018).

29) Contingent liabilities

This item consists of the following:

a. Letters of credit and bank guarantees:
   - Letters of credit JOD 313,508
   - Bank guarantees JOD 846,576

b. Other:

The Company is defendant in a public right lawsuit, representing negligence and conflict of interest contrary to the anti-corruption law, the case is still pending (Attorney General).

30) Standards issued but not yet effective:

The following is a summary of the new standards, amendments and improvements to standards and interpretations that have been issued but not effective as of December 31, 2019.

Amendments to IFRS 3 "Business Combination":

The amendments clarify the definition of a business. In this regard, the International Accounting Standards Board (IASB) published an amended conceptual framework for financial reporting which comprise of amended definitions of assets and liabilities, in addition to new guidelines for measurement, recognition, derecognition, presentation and disclosure.

In conjunction with the amended conceptual framework, the International Accounting Standards Board (IASB) issued amendments on the references related to the conceptual framework of international financial reporting standards. This document consists of amendments to IFRSs (2, 3, 6 &14), IASs (12 & 19), interpretations (20 & 22), and the interpretation of the permanent interpretation committee (32).

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRA 4 – Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021 with early adoption permitted.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

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

31) Subsequent events:

The World Health Organization (WHO) officially declared COVID-19 a pandemic. The Company's management is not aware of any cases of this virus among its employees and considers that the impact of the outbreak on the company's activities in terms of supply chains, distribution, supply and liquidity, as well as the company's ability to meet its obligations was not substantial.

As for the impact of this pandemic on the Company's future activities, the Company's management believes that it may immaterially affect the Company's profitability, but does not believe it will affect the Company's ability to continue as a going concern.

The Company's management will continue to monitor and evaluate the after-developments of the pandemic and respond to these developments.