شركة الاردن لتطوير المشاريع السياحية

إشارتنا: ز أ – س ش/2020/030

التاريخ: 2020/08/13

هيئة الأوراق المالية
الدائرة الادارية / الديوان
١٦ آب ٢٠٢٠
الرقم المتسلسل ٨٨ ع
الجهة المختصة

السادة هيئة الأوراق المالية المحترمين

الموضوع: البيانات المالية للسنة المنتهية بتاريخ 2019/12/31 باللغة الانجليزية

تحية طيبة وبعد،

نرفق لكم طياً البيانات المالية المدققة للسنة المنتهية بتاريخ 2019/12/31 باللغة الانجليزية، لشركة الأردن لتطوير المشاريع السياحية المساهمة العامة المحدودة.

وتفضلوا بقبول فائق الاحترام،،،

شركة الأرزدن لتطوير المشاريع السياحية

شركة الاردن لتطوير المشاريع السياحية
شارع زهران، عمارة رقم ١٨٨
عمان، الأردن
ص.ب: ٩٤١٢٩٩
عمان ١١١٩٤ – الأردن
هاتف: ٩٦٢٦٢٠٠٣٣٥٥+ – فاكس: ٩٦٢٦٢٠٠٣٣٥٦+
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JORDAN PROJECTS FOR TOURISM
DEVELOPMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN

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

JORDAN PROJECTS FOR TOURISM
DEVELOPMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2019

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Independent Auditor's Report

To the Shareholders of
Jordan Projects for Tourism Development Company
(A Public Shareholding Company)
Amman - Jordan

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the Jordan Projects for Tourism Development Company- Jordan (A Public Shareholding Company) and its subsidiaries referred to as "the Group", which comprise the consolidated statement of financial position as of December 31, 2019, and the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in shareholders' equity, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Jordan Tourism Projects Development 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.

Basis for Opinion

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

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Material Uncertainty about the Group's Ability to Continue as a Going Concern

We draw attention to Notes (29 and 35) to the consolidated financial statements, which state that the Group incurred a loss of about JD 3.8 million for the year ended December 31, 2019. The Group's current liabilities exceeded its current assets by JD 11.9 million. The issues in Notes (29 and 35) raise a material uncertainty about the Group's ability to continue in the future in accordance with the going concern principle.

Our opinion is not modified regarding this matter.

Emphasis of Matter Paragraphs

We draw attention to the following:

1. As stated in Note (20) to the consolidated financial statements, which refers to the tax status of the Group, the Income and Sales Tax Department - Aqaba Economic Zone Authority (ASEZA) issued an order for the attachment of the bank accounts of Moon Beach for Tourism Investments Company on October 29, 2017 because the Company did not pay the tax amounts it owed to the Income and Sales Tax Department.

2. As stated in Note (31) to the consolidated financial statements, all the plots of land owned by the Group are subject to restrictions under the agreement with Aqaba Special Economic Zone Authority.

Our opinion is not qualified regarding those matters.

Other Matters

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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A description is provided on how our audit addressed the matter below in that context.

Property and equipment

Key Audit Matters	Scope of Audit to Address the Risks
The Group has property and equipment with a carrying amount of JD 80 million as at December 31, 2019 (December 31, 2018: JD 81 million), as disclosed in Note (5) to the consolidated financial statements. An impairment is recognized on the consolidated statement of financial position when the recoverable amount is less than the net carrying amount in accordance with IAS (36), as described in Note 2 to the consolidated financial statements. The determination of the recoverable amount is based on fair value less costs of disposal. We have considered the impairment of property and equipment to be a key audit matter, given the value at which two hotel properties owned and operated by the Group have been appraised and recorded upon their acquisition in previous years, the complexity involved in the determination of the recoverable amount and the significance of the amount in the Group's consolidated financial statements.	Our audit procedures included an assessment of the design and implementation of controls over the impairment analysis and calculations. In addition, we also performed the following substantive audit procedures: • Engaged our internal real estate valuation specialist to assess the reported value of certain property and equipment forming the majority of the Group's property and equipment balance; • Reviewed the valuation reports provided by a third party valuation expert to assess the valuation approach and valuation assumptions; • Assessed the land rates and depreciated replacement costs assumed by the third party expert based on the undertaken high-level market research and discussions held with the third party expert; • Assessed the skills, competency, objectivity and qualifications of the third party valuation expert; and • Assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Other Information

Management is responsible for other information. Other information consists of information provided in the annual report other than the consolidated financial statements and the related auditor's report. We expect that the annual report will be provided to us at a later date to our report. Our opinion on the consolidated financial statements does not include other information, and we do not express any type of assurance or conclusion thereon.

Regarding the audit of the consolidated financial statements, our responsibility is to read the above-mentioned information as it becomes available to us, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or information obtained through our audit, or if other information include material misstatements.

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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 IFRSs, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- 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 and appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and implementation of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements including those regarding independence, and have communicated 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 consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's 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 reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
The Group maintains proper books of accounts, which are in agreement with the consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements after taking into consideration what is stated in the "Material Uncertainty about the Group's Ability to Continue as a Going Concern"paragraph and "Emphasis of Matter" paragraphs mentioned above.

Amman – The Hashemite Kingdom of Jordan
August 5, 2020

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
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JORDAN PROJECTS FOR TOURISM DEVELOPMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		December 31	
	Note	2019	2018
ASSETS		JD	JD
Non-Current Assets:			
Investment property - net	4	3,122,831	3,210,179
Property and equipment - net	5	79,922,401	80,782,514
Other debit balances - long-term	9	1,062,990	1,070,000
Leased property - finance lease	6	5,005,293	5,114,497
Projects under construction - net	8	56,902	56,902
Right-of-use assets	30	3,581,880	-
Total Non-Current Assets		92,752,297	90,234,092
Current Assets:			
Projects and lands available for sale and ready projects pending delivery	7	20,997,780	21,324,612
Other debit balances	9	762,050	811,848
Inventory	10	677,604	616,147
Accounts receivable - net	11	1,302,539	1,953,098
Cash on hand and at banks	12	455,864	627,101
Due from related parties	28	172,407	502,513
Total Current Assets		24,368,244	25,835,319
TOTAL ASSETS		117,120,541	116,069,411
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY:			
Subscribed and paid-up capital	13	30,500,000	30,500,000
Share premium	13	29,719,600	29,719,600
Statutory reserve	13	2,394,160	2,394,160
Voluntary reserve	13	1,527,192	1,527,192
Foreign currencies translation differences		154,610	156,519
Accumulated (losses)	29	(23,431,213)	(19,657,010)
NET SHAREHOLDERS' EQUITY		40,864,349	44,640,461
Non-Current Liabilities:			
Long-term loans	14	25,825,851	17,928,725
Accounts payable - long-term	15	2,522,017	469,787
Shareholder's loan - long-term	19	6,078,785	7,216,819
Finance lease - long-term	6	1,831,080	2,507,334
Lease liability	30	3,712,872	-
Total Non-Current Liabilities		39,970,605	28,122,665
Current Liabilities:			
Accounts payable	15	11,793,485	9,536,357
Other credit balances	16	3,303,492	5,663,113
Other provisions	17	5,728,656	7,079,015
Short-term loans	14	11,659,775	19,292,229
Deferred revenues	18	71,721	285,000
Contracts liability - short term	6	676,253	630,809
Lease Liability	30	795,457	-
Income tax provision	20	325,475	274,156
Due to related parties	28	431,273	545,606
Shareholder's loan - short term	19	1,500,000	-
Total Current Liabilities		36,285,587	43,306,285
TOTAL LIABILITIES		76,256,192	71,428,950
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		117,120,541	116,069,411

Chief Executive Officer   Chairman

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

JORDAN PROJECTS FOR TOURISM DEVELOPMENT COMPANY

(A PUBLIC SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	Note	For the Year Ended December 31, 2019	2018
		JD	JD
Revenue	21	17,134,998	18,042,372
Cost of revenue	22	(7,176,606)	(9,986,434)
Gross Profit		9,958,392	8,055,938
Personnel costs	23	(5,384,610)	(5,251,604)
General and administrative expenses	24	(898,724)	(963,019)
Depreciation expenses	4 , 5 , 6	(2,502,437)	(1,600,489)
Borrowing costs	25	(4,582,593)	(4,177,056)
Provision for the termination of Oryx Hotel Management contract	17	(185,000)	(247,392)
Release of expected credit losses	11	118,238	21,678
Other provisions expense	26	(419,000)	(1,855,361)
Other revenues	27	172,850	226,146
(Loss) for the Year before Income Tax		(3,722,884)	(5,791,159)
Income tax expense	20	(51,319)	(475,850)
(Loss) for the Year		(3,774,203)	(6,267,009)
Other Comprehensive Income Items:			
Items subsequently transferable to statement of profit or loss:			
Foreign currencies translation differences		(1,909)	1,591
Total Comprehensive (Loss) for the Year		(3,776,112)	(6,265,418)
(Loss) per Share for the Year Attributable to Shareholders	32	(0.12)	(0.21)

Chief Executive Officer

Chairman

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

JORDAN PROJECTS FOR TOURISM DEVELOPMENT COMPANY

(A PUBLIC SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid-up	Share	Reserves		Foreign Currencies	Accumulated	Net Shareholdrs'
	Capital	Premium	Statutory	Voluntary	Translation Differences	(Losses)	Equity
	JD	JD	JD	JD	JD	JD	JD
For the Year Ended December 31, 2019							
Balance - beginning of the year	30,500,000	29,719,600	2,394,160	1,527,192	156,519	(19,657,010)	44,640,461
(Loss) for the year	-	-	-	-	-	(3,774,203)	(3,774,203)
Foreign currencies translation differences	-	-	-	-	(1,909)	-	(1,909)
Total comprehensive (loss) for the year	-	-	-	-	(1,909)	(3,774,203)	(3,776,112)
Balance - End of the Year	30,500,000	29,719,600	2,394,160	1,527,192	154,610	(23,431,213)	40,864,349
For the Year Ended December 31, 2018							
Balance - beginning of the year	30,500,000	29,719,600	2,394,160	1,527,192	154,928	(12,540,955)	51,754,925
Effect of adopting IFRS (9) (Note 11)	-	-	-	-	-	(849,046)	(849,046)
Adjusted Beginning Balance	30,500,000	29,719,600	2,394,160	1,527,192	154,928	(13,390,001)	50,905,879
(Loss) for the year	-	-	-	-	-	(6,267,009)	(6,267,009)
Foreign currencies translation differences	-	-	-	-	1,591	-	1,591
Total comprehensive (loss) for the year	-	-	-	-	1,591	(6,267,009)	(6,265,418)
Balance - End of the Year	30,500,000	29,719,600	2,394,160	1,527,192	156,519	(19,657,010)	44,640,461

* The accumulated losses include unrealized valuation gain of JD 15,715,563 as of December 31, 2019 and 2018.

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

JORDAN PROJECTS FOR TOURISM DEVELOPMENT COMPANY

(A PUBLIC SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2019	2018
		JD	JD
Cash Flow From Operating Activities:			
(Loss) for the year before income tax		(3,722,884)	(5,791,159)
Adjustments for:			
Depreciation expenses		2,502,437	1,600,489
Provision for the termination of Oryx Hotel Management agreement		185,000	247,392
(Release from) expected credit losses	11	(118,238)	(21,678)
Other provisions expense		419,000	1,855,361
Borrowing costs		4,582,593	4,177,056
Net Cash Flows from Operating Activities before Changes in Working Capital		3,847,908	2,067,461
(Increase) Decrease in assets:			
Projects and lands available for sale and ready projects pending delivery		326,832	1,170,148
Inventory		(61,457)	(42,542)
Other debit balances		124,261	608,191
Accounts receivable		768,797	(64,998)
Due from related party		330,106	(23,464)
Increase (Decrease) in liabilities:			
Due to banks		-	(4,853)
Accounts payable, other credit balances and other provisions		1,371,954	1,452,101
Finance lease contracts liability		(630,810)	(580,356)
Due to related parties		(114,333)	(725,886)
Deferred revenues		(213,279)	(627,013)
Net Cash Flows from Operating Activities before Paid Provisions		5,749,979	3,228,789
Paid from provisions:			
Paid from provision for the termination of Oryx Hotel Management agreement		(441,495)	(47,738)
Paid from other provisions		(936,990)	-
Net Cash Flows from Operating Activities		4,371,494	3,181,051
Cash Flows From Investing Activities:			
(Purchases) of property and equipment	5	(617,001)	(659,408)
Proceeds from sale of property and equipment		30,225	-
Net Cash Flows (used in) Investing Activities		(586,776)	(659,408)
Cash Flows From Financing Activities:			
Loans		264,672	1,429,635
Shareholder's loan		361,966	376,232
Borrowing costs		(4,582,593)	(4,177,056)
Net Cash Flows (used in) Financing Activities		(3,955,955)	(2,371,189)
Net (Decrease) Increase in Cash		(171,237)	150,454
Cash on hand and at banks - beginning of the year		627,101	476,647
Cash on Hand and at Banks - End of the Year	12	455,864	627,101
Non-Cash Transactions:			
Investment property transferred to projects and lands available for sale and ready projects pending delivery	4 & 7	-	139,633

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

1. GENERAL

a. Jordan Projects for Tourism Development Company ("the Company") was established during the year 2000, in accordance with the Jordanian Companies Law Number (22) for the year 1997. It was registered at the Ministry of Industry and Trade as a Public Shareholding Company under number (339) on June 15, 2000 with a paid-up capital of JD 7 million divided into 7 million shares at a par value of JD 1 per share. The Company's subscribed and paid-up capital has been increased through several stages to reach JD 30.5 million. On February 16, 2001, the Company was registered and licensed at Aqaba Special Economic Zone Authority under No. (1101021601) to provide service.

The Group performs all its commercial activities in Aqaba Special Economic Zone, except for some administrative activities which are performed in Amman. Its head office address is Zahran Street (179), P.O Box (941299) Amman – Jordan.

b. The main objectives of the Group are the following:

- Construct, build, purchase, sell, lease, rent, manage and supply hotels of all types, including outlets and showrooms.

- Construct, sell, participate in and manage entities, projects, touristic hotels, villages, villas, beach cabins and all other related activities.

- Construct, establish, participate in and manage travel and tourism agencies and offices and provide services relating to the tourism sector, in addition to selling traditional handicrafts of all kinds.

c. The accompanying consolidated financial statements have been approved by the Group's Board of Directors on June 25, 2020 and they are subject to the approval of the General Assembly of Shareholders.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of the Consolidated Financial Statements:

- The accompanying consolidated financial statements have been prepared in accordance with the standards issued by the International Standards Board (IASB) and the interpretations issued by IASB Committee.

- The consolidated financial statements have been prepared on the historical cost basis, except for financial assets and financial liabilities, which are presented at fair value at the date of the consolidated financial statements.

- The consolidated financial statements are stated in Jordanian Dinar, which represents the functional currency of the Group.

- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2018, except for what is mentioned in Notes (3-a) and (3-b).

b. Basis of Consolidation of the Financial Statements

The accompanying consolidated financial statements include the financial statements of the Group and its controlled companies (the subsidiary companies) ("The Group"). Control is achieved when the Group has the ability to control the financial and operational policies of the subsidiary entity so as to obtain benefits from its activities.

Transactions, balances, revenues and expenses between the Company and its subsidiaries are eliminated upon preparation of the consolidated financial statements.

The accompanying consolidated financial statements include the financial statements of the Company and the following directly and indirectly owned subsidiary companies:

Company's Name	Ownership	Activity Nature	Country of Origin and Work Location
	%		
Aqaba Gulf Constructions *	100	Constructing and Contracting	Jordan – Aqaba Special Economic Zone
Tala Beach for Maintenance and Services	100	Garbage collection and recycling	Jordan – Aqaba Special Economic Zone
Jordan Hotels Holding AG	100	Operating and managing Hotels	Switzerland
Amwaj Al Aqaba for Managing Projects and Services	100	Managing projects and logistics services	Jordan - Amman
Tala Beach for Investments *	100	Purchasing lands and constructing projects	Jordan – Amman
Jordan Golden Beach – BVI *	100	Touristic investments	Virgin British Islands
Jordan Hotel I BVI *	100	Touristic investments	Virgin British Islands
Jordan Hotel II BVI *	100	Touristic investments	Virgin British Islands
Jordan Hotel IV BVI *	100	Touristic investments	Virgin British Islands
Moon Beach for Tourism Investments	100	Operating and managing Hotels	Jordan – Aqaba Special Economic Zone
Golden Coast for Hotels	100	Operating and managing Hotels	Jordan – Aqaba Special Economic Zone
Jordan Union for Tourism Projects	60	Operating and managing Hotels	Jordan – Aqaba Special Economic Zone
Sama Al Aqaba Company	100	Operating and managing Hotels	Jordan – Aqaba Special Economic Zone

* None of these companies has conducted any trading activities during the year ended December 31, 2019. On April 21, 2011, a decision was taken to liquidate Aqaba Gulf Constructions, which is still under liquidation. On March 27, 2016, the voluntary liquidation procedures were suspended, and a compulsory liquidation decision was issued. In addition, Aqaba Gulf Constructions was still under liquidation as of the consolidated financial statements date.

- Non-controlling interest was not shown in the Jordan Union for Tourism Projects Company as the accumulated losses of the company exceeded the non-controlling interest.

The most significant financial information regarding the subsidiary companies before elimination for the year 2019 is as follows:

	December 31, 2019		For the Year Ended December 31, 2019	
	Total Assets	Total Liabilities	Total Revenue	Total Expenses
Company's Name	JD	JD	JD	JD
Aqaba Gulf Constructions (Under liquidation)	17,817	(718,934)	-	-
Tala Beach for Maintenance and Services	1,955,461	(1,847,681)	2,718,573	(1,235,231)
Jordan Hotels Holding AG	287,558	(74,727)	107,959	(80,839)
Amwaj Al-Aqaba for Managing Projects and Services	1,817,880	(680,100)	4,140,649	(505,655)
Tala Beach for Investments	500	(1,500)	-	-
Jordan Golden Beach – BVI	22,500,000	(22,569,686)	-	(63,450)
Jordan Hotel I BVI	7,500,000	(7,532,026)	-	(27,428)
Jordan Hotel II BVI	-	(4,090)	-	(1,502)
Jordan Hotel IV BVI	5,679,543	(5,683,088)	-	-
Moon Beach for Tourism Investments	26,301,252	(29,320,752)	7,032,634	(7,409,338)
Golden Coast for Hotels	15,037,545	(10,790,233)	3,808,037	(3,135,676)
Jordan Union for Tourism Projects	500	(650,650)	-	(222,900)
Sama Al Aqaba Company	134,288	(257,815)	-	-

- The subsidiaries' results of operations are consolidated in the consolidated statement of profit or loss and comprehensive income effective from the date of their acquisition - i.e. the date on which actual control over the subsidiary is assumed by the Company. Moreover, the operating results of the disposed-of subsidiaries are consolidated in the consolidated statement of profit or loss up to the effective date of their disposal – i.e. the date on which the Company loses control over the subsidiary.

  Control is achieved when the Group:

  - Has the ability to control the investee;
  - Is exposed to variable returns, or has the right to variable returns resulting from its engagement with the investee; and
  - Has the ability to use its authority to affect the return of the investee.

  The Group reassess whether it controls the investee or not, if the fact and circumstances indicate that are changes in one or more of the control check points referred to above.

  In case the Group's voting right falls below the majority of any of the investee, the Group will have the authority to control when the voting rights are sufficient to give the Group the Power to direct the activities of the subsidiaries unilaterally. The Group takes into account all the facts and circumstances when assessing whether the Group has sufficient voting rights to give it the power to control or not. Among these facts and circumstances:

  - The proportion of Group's voting rights relative to the proportion and distribution of other's voting right.
  - The potential voting rights that the Group acquires and any permissible voting rights acquired by others or third parties;
  - Rights arising from other contractual arrangements; and
  - Any additional facts and circumstances that indicate that the Group has or doesn't have a current responsibility to direct the relevant activities at the time that the required decisions are taken, including how to vote at previous general assembly meetings.

When the Group loses control of any of the subsidiaries, the Group does the following:

- Derecognition of the subsidiary's assets (including goodwill) and its liabilities;
- Derecognition of the carrying value of any interest not controlled by the Group;
- Derecognition of accumulated exchange differences in shareholders' equity;
- Derecognition of the fair value for received consideration;
- Derecongition of the fair value of held in investments;
- Derecognition of any surplus or deficit in the statement of profit or loss;
- Reclassification of the Group's shareholders' equity previously recognized in other comprehensive income to the consolidated statement of profit or loss or retained earnings, as appropriate;

The financial statements of the subsidiaries are prepared for the same financial period of the Group using the same accounting policies followed by the Group. If the subsidiaries' accounting policies differ from those used by the Group, the necessary adjustments must be made to the subsidiaries' financial statements to match the Group's accounting policies.

c. The following are the most significant accounting policies:

Cash on Hand and at Banks

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances, and short-term deposits with maturities of three months or less after deducting the balances due to banks.

Financial Instruments

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

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

Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual provisions of the instrument, and they are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (except for financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

All recognized financial assets are measured subsequently at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of Financial Assets

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value.

Amortized Cost and Effective Interest Method
The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

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

Foreign Exchange Gains and Losses
The carrying amount of financial assets denominated in a foreign currency is determined and translated at the exchange rate prevailing at the end of each reporting period. For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in the consolidated statement of profit or loss and comprehensive income.

Impairment of Financial Assets
The Group recognizes a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

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

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

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

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

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

De-Recognition of Financial Assets
The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset.

On de-recognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in consolidated statement of profit or loss and comprehensive income.

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

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

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the consolidated statement of profit or loss and comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial Liabilities
All financial liabilities are measured subsequently at amortized cost using the effective interest method or at fair value through profit or loss.

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

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

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

De-recognition of Financial Liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of profit or loss and comprehensive income

Fair Value Measurement

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

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

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

Impairment of Non-Financial Assets

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

Inventory

Inventory of food, beverages, construction material, fuel and consumable goods is stated at the end of the year at the lower of cost or net realizable value. The cost of inventory is determined by using the weighted average method.

Property and Equipment

Property and equipment are stated at the historical cost less accumulated depreciation and any other impairment losses. Cost includes all costs directly related to the acquisition, construction, or production.

Depreciation is charged using the straight-line method to write-off the cost of assets over their estimated useful lives in the consolidated statement of profit or loss and comprehensive income, except for property under construction, which is detailed as follows:

	Annual Depreciation Rate
	%
Buildings, yachts port, and swimming pools	2
Furniture and fixtures	10 – 15
Cars and vehicles	15
Equipment and tools	15
Decoration trees and plants	10
Computers	20
Other	10 – 15

Property under construction is presented at cost less any impairment losses. Depreciation on these assets starts, using the same method applied to similar property and equipment, when they are ready for their intended use.

When the recoverable amount of any property and equipment is less than its net carrying amount, the amount is reduced to its recoverable amount, and the amount of the impairment loss is recognized in the consolidated statement of profit or loss and comprehensive income.

The useful life of the property and equipment is reviewed at the end of each year. If the life expectancy is different from the pre-estimate, the change in estimate is recognized in the consolidated statement of profit or loss and comprehensive income as a change in estimates.

An item of property and equipment is derecognized upon disposal, or when no future economic benefits are expected from its use or disposal.

Investment Property

Investment property is stated at historical cost less accumulated depreciation and any impairment losses. Those investments are owned by the Group for the purpose of earning lease revenue and/or increase in their value. The accounting treatment of investment property is the same as that for property and equipment, in addition to disclosing of their fair value in the notes to the consolidated financial statements.

Leased Property – Finance Lease

Leased contracts whose contractual terms require the lessee to materially bear all of the risk and rewards of these assets are classified as finance lease.

At initial recognition, assets leased under finance lease contracts are measured at an amount equal to the fair value of those assets or the present value of the minimum lease payments, whichever is lower. These buildings are stated at the present value of the minimum lease payments after deducting the accumulated depreciation.

Depreciation is calculated to amortize the cost of the leased assets - finance lease less the residual value on a straight-line basis over its estimated useful life. In addition, depreciation is charged to the statement of profit or loss and other comprehensive income, and at an annual depreciation rate of 2%.

Projects
Projects are presented at the lower of cost or net realizable value. Cost includes an appropriate share from lands development costs, which are allocated over each of the lands, apartments available for sale, and apartments under construction. Moreover, costs are determined using the weighted average method. Net realizable value represents the estimated selling price of projects less all costs necessary to complete the project and other costs required to complete the sale.

Revenue Recognition
The Group's general revenue are mainly from sale of goods and services (Hotel services and sale of real estate, services and others).

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

For certain customers, the goods are sold with discounts retroactively on the basis of 12 months of total sales. Revenue of these sales is recognized based on the price specified in the contract less estimated discounts. In this regard, the Group uses its accumulated historical experience to estimate discounts, and revenue is recognized to the extent that it is probable that there will be no material reversal. Liabilities for discounts on payments to customers are recovered in respect of sales made during the year.

The Group accounts for the consideration payable to a the customer (promotional expenses) which occur in conjunction with purchase of goods / services from the Group as a reduction of the sale price, and it is recorded as an expense unless the payment to the customer in exchange for a distinct good or service is separate from the sale then it is recorded as sales and distribution expenses.

Revenue from the sale of lands and apartments
Revenue from the sale of lands and apartments is recognized at the fair value of the consideration received when all the following conditions are met:

a. The Group has transferred all significant risks and rewards of ownership of the lands and apartments to the buyer; and
b. The Group retains neither continuing managerial involvement to the degree usually associated with ownership of the lands nor effective control over those lands and sold apartments; and
c. The amount of revenue can be reliably measured; and
d. It is probable that the economic benefits associated with the transaction will flow to the Group; and
e. The costs incurred or to be incurred can be reliably measured.

Interest Income and Expenses
Interest income and expense are recognized on a time basis with reference to the outstanding and the effective interest rate according to the accrual basis.

Hotels Revenue
Revenue is measured at the fair value of the considerations received or receivable and recognized when the services are rendered as follows:

- Rooms revenue: recognized according to the accrual basis.
- Food & beverage: revenue recognized when the service is rendered.
- Other departments: revenue recognized when the service is rendered.
- Rent revenue: recognized according to the accrual basis.

Sales Department Expenses
Direct expenses of the sales department and commissions paid for the sold apartments (which the Group's management believes to be recoverable from the revenue realized from selling transactions) are deferred, and these expenses are amortized once revenue is recognized from the sales of units when the sale is recognized.

When a sales contract is canceled, the sales department contract-related expenses are charged to the fiscal year to which the contract relates.

The rest of the selling expenses are recorded in the consolidated statement of profit or loss and comprehensive income in the year incurred.

Sales Commission
Sales commission is recognized in the consolidated statement of profit or loss and comprehensive income when earned using the accrual basis.

Expenses
Selling and distribution expenses consist mainly of costs incurred in the distribution and sale of the Group's products / services. Other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect expenses that are not directly related to the cost of sales / contracts in accordance with generally accepted accounting standards. If necessary, expenses are distributed between general and administrative expenses and cost of sales / contract on a consistent basis.

Lease contracts
Accounting policies used until December 31, 2018
Leases are classified as finance leases when the terms of the lease provide for substantially all the risks and rewards of ownership of the lessee. All other leases are classified as operating leases.

The Group as a Lessee
Assets acquired through leases are recognized on initial recognition at their fair value at the inception of the lease or at the present value of the minimum lease payments, whichever is lower. Financial leasing liabilities are recorded at the same value. These obligations are presented in the consolidated statement of financial position as finance lease liabilities.

The lease payments are distributed between the financing expenses and decreasing of the financial lease liabilities in order to achieve a fixed rate of interest on the remaining balance of the lease liabilities. Direct financing expenses are recognized in the consolidated statement of profit or loss and comprehensive income.

Operating lease payments are recognized as an expense on a straight-line basis over the life of the lease, except in situations where it has another regular basis that is more representative of the time pattern in which the economic benefits are utilized from the leased asset. Recognition of reassuring lease arising from operating lease as an in the period in which they incurred. In the event that lease incentives are received to enter into operating lease, these incentives are recognized as an obligation. The overall interest of incentives are recognized as reduction in lease expense on straight line basis, unless there is a systematic basis that is more representative of the time pattern in which will be used from economic benefits from leased assets.

Accounting policy used from January 1, 2019

The Group as a lessee

The Group assesses whether the contract contains lease when starting the contract. The Group recognizes the right-of-use assets and the corresponding lease obligations in relation to all lease arrangements in which the lessee is in, except for short-term lease contracts (defined as leases of 12 months or less) and low-value asset leases, and for these contracts, the Group recognizes the lease payments as an operating expense on a straight-line basis over the period of the lease, unless another regular basis is more representative of the time pattern in which the economic benefits from the leased assets are utilized.

The lease obligation is initially measured at the present value of the lease payments that were not paid on the start date of the lease, deducted by using the price implicit in the lease. If this rate cannot be easily determined, the Group uses its additional expected rate.

The lease payments included in the rental obligation measurement include:

- Fixed rental payments (essentially including fixed payments), minus accrued receivable rental incentives;

- Variable rental payments that depend on an index or rate, initially measured using the indicator or the rate at the date the contract begins.

- The amount expected to be paid by the lessee under the residual value guarantees.

- The price of the exercise of purchase options, if the lessee is reasonably certain of the exercise of the options; and

- Paying the contract termination fines, if the lease reflects the exercise of the lease termination option.

  Lease obligations are subsequently measured by increasing the book value to reflect the interest in the rental obligations (using the effective interest method) and by reducing the book value to reflect the rental payments paid.

  The lease obligations (and a similar adjustment to the related right-to-use assets) are re-measured whenever:

- The lease term has changed or there is an event or important change in the conditions that lead to a change in the exercise of the purchase option assessment, in which case the lease obligations are re-measured by deducting the adjusted lease payment using the adjusted discount rate.

- Lease payments change due to changes in an index, rate, or change in expected payments under the guaranteed residual value, in which cases the lease obligation is re-measured by deducting the modified rental payments using a non-variable discount rate (unless the rental payments change due to a change in the floating interest rate, in this case the adjusted discount rate is used.

- The lease contract is adjusted and the lease amendment is not accounted as a separate lease, in which case the lease obligation is re-measured based on the duration of the adjusted lease contract by deducting the adjusted rental payments using the adjusted discount rate at the actual price at the date of the amendment.

Right-of-use assets are depreciated over the life of the lease or the useful life of the asset (whichever is shorter). If the lease contract transfers the ownership of the underlying asset or the cost of the right to use, which reflects that the Group expects to exercise the purchase option, then the relevant value of the right to use is depreciated over the useful life of the asset. Depreciation begins on the date the commencement of the lease.

He Group applies International Accounting Standard (36) to determine whether the value of the right to use has decreased its value and calculates any impairment losses as described in the policy of "property and equipment".

Variable rents that are not dependent on an index or rate are not included in the measurement of lease obligations and right-of-use assets. Related payments are recognized as an expense in the period in which the event or condition that leads to these payments occurs and are included in "Other Expenditures" in the consolidated statement of profit or loss and comprehensive income.

Income Tax

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income for the year. Moreover, taxable income differs from income declared in the consolidated statement of profit or loss and comprehensive income because the later includes taxable revenue, or expenses deductible in subsequent years, or accumulated losses accepted for tax purposes or unsubjects to tax.

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

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets or liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the statement of financial position according to the rates expected to be applied when the tax liability is settled or deferred tax assets are recognized.

Foreign Currencies

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

The consolidated financial statements are prepared, and the Group's financial statements are presented in the currency of the primary economic environment in which it operates. Transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing on the dates of the transactions. On the consolidated balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are restated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are restated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not exchanged.

Exchange differences are recognized in the consolidated statement of profit or loss and comprehensive income in the period in which they arise except for:

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the Group are reclassified to the consolidated statement of profit or loss and comprehensive income.

Accrued Expenses and Other Credit Balances

Liabilities are recognized for amounts to be paid in the future for goods / services when the risks and rewards of the goods are transferred to the Group, or when the services are received, whether or not they are paid to the Group.

Annual Leave Provision

A provision is recorded against accrued but not paid employees' vacations as of the date of the consolidated financial statements based on the Group's internal policies.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

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

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

Offsetting

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

Segments Information

- Business segments are determined based on internal financial reporting information on the Group's elements, which is reviewed regularly by the main operating decision maker, to specify the resources for the segment and evaluate its performance. Segments are divided into business segments or geographical segments.

- A business segment represents a group of assets and operations that collaborate together in providing products or services, subject to risks and rewards that differ from those related to other business segments.

- A geographical segment relates to providing goods or services in a specified economic environment, subject to risks and rewards that differ from those related to operating segments within other economic environments.

3. Accounting Estimates

The preparation of the consolidated financial statements and the application of the accounting policies require from the Group's management to perform assessments and assumptions that affect the amounts of assets and liabilities and the disclosure of contingent liabilities. Moreover, these assessments and assumptions affect revenue, expenses, and provisions. In particular, this requires from the Group's management to issue significant judgments and assumptions to assess future cash flows amounts and their timing. The aforementioned 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 arising from the conditions and circumstances of these assessments in the future.

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

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

Useful Life of Tangible and Intangible Assets

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

Income Tax

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

Lawsuits Provision

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

Slow-moving Inventory Provision

A slow-moving inventory provision is booked based on approved assumptions by the Group's management to assess the provision required in accordance with International Financial Reporting Standards.

Assets and Liabilities at Cost

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

Fair Value Measurement and Valuation Procedures

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

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

The expected credit loss is measured as a provision equivalent to the expected credit loss over the life of the asset.

Determining the Number and Relative Weight of Forward-Looking Scenarios for Each Type of Products / Market and the Identification of Future Information Relevant to Each Scenario
When measuring the expected credit loss, the Group uses reasonable and reliable future information based on the assumptions of the future movement of the various economic factors and how these economic factors affect each other.

The Group continually records credit losses over the life of trade receivables. The expected credit losses of these financial assets are estimated, using an allowance matrix based on the Group's past credit loss experience, and adjusted to the factors relating to debtors and general economic conditions and assessment of both the current and future trends on the date of the report, including the time value of cash, as appropriate.

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

Lease payments discount
Lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management applied assumptions and estimates to determine the incremental borrowing rate when lease contract starts.

- Application of New and Revised International Financial Reporting Standards

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

New and Revised Standards	Amendments to the New and Revised International and Standards
Annual improvements to IFRSs issued between 2015 and 2017.	Improvements include amendments to IFRS 3, "Business Combinations", IFRS 11 "Joint Arrangements", IAS 12 "Income Taxes" and IAS 23 "Borrowing Costs" and as follows: IAS 12 "Income Taxes": The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. IAS 23 "Borrowing Costs": The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. IFRS 3 "Business Combinations": The amendments clarify that when the entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation. IFRS 11 "Joint Arrangements": The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its PHI in the joint operation.
IFRIC 23 "Uncertainty over Income Tax Treatments"	The interpretation clarifies the determination of taxable profit (taxable 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 it specifically addresses. Whether tax treatment should be considered in aggregate. Assumptions related to the examining procedures for tax authorities. Determining taxable profit, tax loss, tax basis, unused tax losses, unused tax exemptions, and tax rates. The effect of changes in facts and circumstances.

New and Revised Standards	Amendments to the New and Revised International and Standards
Amendments to IFRS (9): "Financial instruments"	These amendments relate to the advantages of prepayment with negative compensation, as the current requirements of IFRS (9) have been modified in relation to termination rights to allow measurement of the amortized cost (or based on the business model, at fair value through other comprehensive income) even in case of negative compensation payments.
Amendments to IAS (28): "Investment in Associates and Joint Ventures"	These amendments related to long-term shares in associate entities and joint ventures. It clarifies that the entity applies IFRS (9) "Financial Instruments" for long-term shares in an associate entity or joint venture that forms part of the net investment in the associate entity or joint venture in case the equity method has not been applied in this regard.
Amendments to IAS (19): "Employee Benefits Plan Amendment, Curtailment or Settlement"	The amendments pertain to the amendments in the plans, curtailment or settlement.

b. Amendments with material effect on the consolidated financial statements of the Group:

Impact of initial application of IFRS 16 Leases

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

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

The Group has opted for the a simplified approach permitted by IFRS (16) upon adoption of the new standard. During the first time application of IFRS (16) to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first-time adoption.

The right-of-use assets have been measured in an amount equal to the lease obligations, and adjusted by any prepaid or lease payment that is recognized in the consolidated statement of financial position as of December 31, 2018. No adjustments to the retained earnings, as at January 1, 2019, have resulted under this method. There were no low-value leases that required an adjustment to the right-of-use assets at the date of the initial application.

The effect of applying the International Financial Reporting Standard No. (16) on the consolidated financial statements as of December 31, 2019 is as follows:

Consolidated Statement of Financial Position:

	As reported	IFRS (16) Impact	Amounts without adoption of IFRS (16)
	JD	JD	JD
Right-of-use assets	3,581,880	3,581,880	-
Other debit balances	1,825,040	834,930	2,659,970
Net impact on total assets		4,416,810	
Lease labilities	4,508,329	4,508,329	-
Net impact on total liabilities		4,508,329	
Accumulated (losses)	23,431,213	(91,519)	23,339,694
Net impact on shareholders' equity		(91,519)	
Net impact on liabilities and shareholders' equity		4,416,810	

Consolidated Statement of Profit or Loss & Comprehensive Income:

	As reported	IFRS (16) Impact	Amounts without adoption of IFRS (16)
	JD	JD	JD
Borrowing costs	(4,582,593)	215,921	(4,366,672)
Depreciation	(2,502,437)	862,078	(1,640,359)
Finance cost	220,814	(986,480)	1,207,294
Net impact on consolidated statement of profit or loss		91,519	

Consolidated Statement of Cash Flows:

	As reported	IFRS (16) Impact	Amounts without adoption of IFRS (16)
	JD	JD	JD
(Loss) for the year before income tax	(3,722,884)	1,077,999	(2,644,885)
Depreciation expenses	2,502,437	(862,078)	1,640,359
Interest on lease liabilities	4,582,593	(215,921)	4,366,672
Net cash flows from operating activities		-	

Starting from January 1, 2019, leases were recognized as assets for use and related obligations on the date when the asset is ready for use by the Group, the value of each rental payment is distributed between the leasing obligations and the financing costs, and the financing costs are credited to the profit or loss statement during the lease period to achieve a fixed periodic interest rate on the remaining balance of the obligation for each period, and the-right-of use assets are amortized over useful life of the asset or the lease term, whichever is shorter, according to the straight-line method.

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

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

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

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

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

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

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

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

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

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

The Group has not adopted the following new and amended IFRSs issued but not yet effective as at the date of the consolidated financial statements, and their details as follows:

New and Revised Standards	Amendments to new and revised IFRSs
Amendments to IAS 1 "Presentation of Financial Statements" *(Effective from January 1, 2020)*	Amendments involve the definition of material. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose consolidation financial statements make on the basis of those consolidation financial statements, which provide financial information about a specific reporting entity.'
Amendment to IFRS 3 "Business Combinations" *(Effective from January 1, 2020).*	These amendments clarify the definition of business as the International Accounting Standards Board published the Conceptual Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation and disclosure. In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS 2, 3, 6 and 14 and IAS 1, 8, 34, 37 and 38) and IFRIC 12, 19, Interpretations 20 and 22 and Interpretations of the Standing Committee for the Interpretation of Standards No. 32 in order to update those statements with regard to references and quotations from the framework or to refer to a reference to different from the conceptual framework.
IFRS 17 Insurance Contracts *(Effective from January 1, 2022)*	It provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 "Insurance Contracts". IFRS 17 requires insurance liabilities to be measured at a current fulfilment value.
Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures (2011)" *(Effective date deferred indefinitely Adoption is still permitted).*	Relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

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

4. Investment Property - Net

This item consists of the following:

2019	Shops and Stores*	Royal Diving Club and Hotel**	Total
	JD	JD	JD
Cost:			
Balance - beginning of the year	2,909,721	1,857,229	4,766,950
Balance - End of the Year	2,909,721	1,857,229	4,766,950
Accumulated Depreciation and Impairment:			
Balance - beginning of the year	866,052	690,719	1,556,771
Depreciation for the year	57,240	30,108	87,348
Balance - End of the Year	923,292	720,827	1,644,119
Net Book Value as of December 31, 2019	1,986,429	1,136,402	3,122,831
2018			
Cost:			
Balance - beginning of the year	3,103,656	1,857,229	4,960,885
Transfers to projects and lands available for sale and projects pending delivery (Note 7)	(193,935)	-	(193,935)
Balance - End of the Year	2,909,721	1,857,229	4,766,950
Accumulated Depreciation and Impairment:			
Balance - beginning of the year	863,114	660,611	1,523,725
Transfers (Note 7)	(54,302)	-	(54,302)
Depreciation for the year	57,240	30,108	87,348
Balance - End of the Year	866,052	690,719	1,556,771
Net Book Value as of December 31, 2018	2,043,669	1,166,510	3,210,179
Annual Depreciation Rate %	2	2	

*The shops include buildings built on plots of land acquired under an agreement with Aqaba Economic Zone Authority since 2000. Revenues generated from shops and stores amounted to JD 234 K in 2019 (JD 274 K in 2018).

That Group has provided first-degree mortgage of JD 9.8 million to Jordan Kuwait Bank and Invest Bank on several stores and shops with a net book value of JD 2 million.

**The Royal Diving Club and hotel are established on a plot of land leased annually for JD 67,000 for 49 years under an agreement with Aqaba Economic Authority effective from the year 2000 (note 31/d).

5. Property and Equipment - Net

2019	Land	Buildings*	Furniture and Fixture	Cars and Vehicles	Equipment and Tools	Yacht Port and Beach	Swimming Pools	Decoration Trees	Computers	Other	Project under Construction	Total
Cost:	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	38,027,286	39,479,258	1,891,868	1,652,447	1,793,841	3,888,816	4,107,978	292,144	973,380	1,232,409	271,351	93,610,778
Additions	-	65,390	139,838	16,000	319,599	-	-	-	51,824	24,350	-	617,001
Disposals	-	-	(2,295)	(63,474)	-	-	-	-	-	-	-	(65,769)
Balance - End of the Year	38,027,286	39,544,648	2,029,411	1,604,973	2,113,440	3,888,816	4,107,978	292,144	1,025,204	1,256,759	271,351	94,162,010
Accumulated Depreciation:												
Balance - beginning of the year	-	4,105,614	1,347,544	1,427,108	1,686,382	1,055,189	855,511	292,144	835,427	1,223,345	-	12,828,264
Depreciation for the year	-	955,717	69,777	71,378	170,441	59,195	89,866	-	27,167	3,348	-	1,446,889
Disposals	-	-	(2,295)	(33,249)	-	-	-	-	-	-	-	(35,544)
Balance - End of the Year	-	5,061,331	1,415,026	1,465,237	1,856,823	1,114,384	945,377	292,144	862,594	1,226,693	-	14,239,609
Net Book Value as of December 31, 2019	38,027,286	34,483,317	614,385	139,736	256,617	2,774,432	3,162,601	-	162,610	30,066	271,351	79,922,401
2018												
Cost:												
Balance - beginning of the year	38,027,286	39,459,818	1,550,178	1,584,447	1,608,811	3,888,816	4,107,978	292,144	930,820	1,229,721	271,351	92,951,370
Additions	-	19,440	341,690	68,000	185,030	-	-	-	42,560	2,688	-	659,408
Balance - End of the Year	38,027,286	39,479,258	1,891,868	1,652,447	1,793,841	3,888,816	4,107,978	292,144	973,380	1,232,409	271,351	93,610,778
Accumulated Depreciation:												
Balance - beginning of the year	-	3,269,251	1,184,785	1,353,982	1,608,811	987,197	765,645	292,144	811,322	1,151,192	-	11,424,329
Depreciation for the year	-	836,363	162,759	73,126	77,571	67,992	89,866	-	24,105	72,153	-	1,403,935
Balance - End of the Year	-	4,105,614	1,347,544	1,427,108	1,686,382	1,055,189	855,511	292,144	835,427	1,223,345	-	12,828,264
Net Book Value as of December 31, 2018	38,027,286	35,373,644	544,324	225,339	107,459	2,833,627	3,252,467	-	137,953	9,064	271,351	80,782,514
Annual Depreciation Rate%	-	2	10-15	15	15	2	2	10	20	10-15	-	

* There is a first-degree mortgage of JD 12 million and a second-degree mortgage of JD 3 million on plot of land No.(140), basin of Ras Al-Yamania No.(2) of the lands of Aqaba owned by the Company where the Beach Club Project is located, with a net book value of approximately JD 1.3 million, and several shops (Note 4) are also mortgaged against a loan granted by the Investment Bank of JD 12 million as of December 31, 2019.

There is a first-degree mortgage of JD 8 million, which includes Marina Plaza Hotel with all its assets located on plot of land No.(338), to the favor of Jordan Kuwait Bank against the loan granted.

There is a first-degree mortgage on one villa located on plot of land No. (59), building No. (12) on plot of land No. (13), several shops (Note 4) on plots of land No (20,16 and 15), and the Marina basin located on plots of land No (17 and 42) against loans granted by Jordan Kuwait Bank of JD 11 million as of December 31, 2019.

There is a first-degree mortgage of JD 16.5 million on the land and assets of Tala Bay Hotel against a loan granted by Bank Audi.

Fully-depreciated assets amounted to JD 3,507,135 as of December 31, 2019 and 2018 .

As of December 31, 2019 and 2018, projects under construction includes leasehold improvements which will be completed in 2020.

6. Leased Property-Finance Lease

This item represents a finance lease related to leasing back buildings (staff housing) sold in 2015, whereby the Group sold buildings worth JD 8,300,000, and signed a finance lease agreement for the building with the owner. The agreement states that the Group has the right to exercise the purchase option after the expiry of the lease period through a percentage added to the selling price of the building specified in the contract. Moreover, the lease is for a period of 5 years starting from 2016 for an amount of JD 800,000 per year, and JD 920,000 per year for 3 additional years ending at the end of 2023.

The below table shows the calculation of the leased property – finance lease at its net book value:

	December 31,	
	2019	2018
	JD	JD
Lease property- finance lease at cost	5,605,044	5,605,044
(Less): accumulated depreciation	(599,751)	(490,547)
Book Value as of December 31	5,005,293	5,114,497

The depreciation expense for the year 2019 amounted to JD 109,204 (JD 109,206 for the year 2018).

The finance lease liability contract details as of December 31, 2019 are as follows:

	Future Value of Lease Payment	Interest	Present Value of Lease Payment
	JD	JD	JD
Less than one year	800,000	(123,747)	676,253
From 1-5 years	1,960,000	(128,920)	1,831,080
	2,760,000	(252,667)	2,507,333

The finance lease liability contract details as of December 31, 2018 are as follows:

	Future Value of Lease Payment	Interest	Present Value of Lease Payment
	JD	JD	JD
Less than one year	800,000	(169,191)	630,809
From 1-5 years	2,760,000	(252,666)	2,507,334
	3,560,000	(421,857)	3,138,143

In addition to the above liabilities, there are outstanding amounts of JD 2,017,101 as of December 31, 2019 (JD 1,217,101 as at 31 December 2018), which are included in accounts payable (Note 15).

7. Projects and Lands Available for Sale and Ready Projects Pending Delivery

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Lands available for sale *	20,997,779	20,997,779
Apartments and villas available for sale **	729,617	1,056,449
	21,727,396	22,054,228
Less: Provision for impairment of stage three villas	(729,616)	(729,616)
	20,997,780	21,324,612

The movement on apartments and villas available for sale during the year is as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	1,056,449	2,094,964
Transfers-net (Note 4)	-	139,633
Additions during the year	10,782	68,182
Apartments returned from clients	410,000	-
Sold during the year	(747,614)	(1,246,330)
Balance at the end of the year	729,617	1,056,449

* This item represents the cost of the developed lands with an area of 2,223 K square meters (2,223 dunums), and consists of the original land cost plus developing costs. Moreover, part of the development costs is amortized and transferred to cost of sales and/or projects costs according to the percentage of sold lands areas and/or areas of lands used in sold apartments to the total remaining lands areas. Development costs represent the total direct cost of construction, which consists mainly of contractors' work, project engineering, and capitalized borrowing costs, as follows:

	December 31,	
	2019	2018
	JD	JD
Lands cost	5,718,202	5,718,202
Net capitalized development costs	15,279,577	15,279,577
	20,997,779	20,997,779

There is a first-degree real estate mortgage on plots of land No 190, 194 and 192 to the favor of facilities granted to Amwaj Tala fo Real Estate Investments as of December 31, 2019 and 2018.

** This item represents sold apartments which have not yet been transferred to the buyers. The sale revenue and cost of the sold apartments are recognized when the all revenue recognition criteria are fulfilled. During the previous years, a provision for the impairment of Phase 3 Villas of JD 729,616 was taken. In the opinion of management, the net value of ready projects pending delivery represents the recoverable amount. During the year, the process of selling a villa and 3 apartments were completed with a value of JD 945,000 at a cost of JD 747,614 and with a net profit of JD 197,386.

8. Projects under Construction - Net

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Golf course	322,581	322,581
Entertainment center	180,786	180,786
Land development	42,460	42,460
Website development	11,075	11,075
	556,902	556,902
Less: Provision for impairment	(500,000)	(500,000)
	56,902	56,902

9. Other Debit Balances

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Prepayments-finance lease	800,000	800,000
Prepayments – villas rent	262,990	270,000
Prepayments-apartments (cabanas) rent	-	66,200
Prepayments – rents	32,104	107,158
Operators receivable (Oryx)	-	209,705
Refundable deposits	188,685	160,123
Income tax deposits	136,115	136,115
Prepaid expenses	108,696	120,455
Employees' receivable	86,293	85,323
Advances to suppliers	202,043	58,964
Loans expenses	-	47,518
Others	8,114	29,992
	1,825,040	2,091,553
Provision for expected credit loss	-	(209,705)
	1,825,040	1,881,848
Less: Other debit balances (non-current)	(1,062,990)	(1,070,000)
Other debit balances (current)	762,050	811,848

Other Debit balances includes the Group's investment in Amwaj Tala for Real Estate Investments, amounting to 1% of its capital, whose value is recognized in other debit balances by JD 1 only as of December 31, 2019 and 2018.

10. Inventory

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Construction materials	548,705	481,441
Food and beverage	186,360	168,691
Fuel	43,356	19,238
Consumable goods and others	99,183	146,777
	877,604	816,147
Less: Provision for slow-moving items	(200,000)	(200,000)
	677,604	616,147

11. Accounts Receivable - Net

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Customers trade receivables	2,346,667	2,911,243
Checks under collection *	56,748	294,817
Others	170,483	136,635
	2,573,898	3,342,695
Less: Expected credit loss	(1,271,359)	(1,389,597)
	1,302,539	1,953,098

* The maturity date of checks under collection balances at December 31, 2019 extends up to December 15, 2020 (until August 10, 2019 for the balance as of December 31, 2018).

The movement on the account of the expected credit loss provision is as follows:

	2019	2018
	JD	JD
Balance - beginning of the year	1,389,597	562,229
Effect of adopting IFRS (9)	-	849,046
Adjusted Beginning Balance	1,389,597	1,411,275
(Release of) expected credit loss during the year	(118,238)	(21,678)
Balance – Ending of the Year	1,271,359	1,389,597

The aging of trade receivables is as follows:

	December 31,	
	2019	2018
	JD	JD
Less than 30 days	198,279	581,624
31 days – 60 days	343,695	298,788
61 days – 90 days	201,779	203,865
91 days – 120 days	167,454	118,818
More than 120 days	1,435,460	1,708,148
	2,346,667	2,911,243

12. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Cash on hand	47,736	54,426
Cash at banks	408,128	572,675
	455,864	627,101

Cash at banks includes a restricted amount of JD 125,862 as of December 31, 2019 (JD 103,458 as of Dec 31, 2018), Because there is a seizure by the Income and Sales Tax Department - Aqaba Economic Development Zone Authority as stated in Note (20/d).

13. Capital and Reserves

a. Subscribed and Paid-up Capital

The Group's capital is JD 30.5 million divided into 30.5 million shares at a par value of JD 1 per share.

b. Statutory Reserve

This item represents the accumulated amounts transferred from annual profits before tax at a rate of 10% in accordance with the Jordanian Companies Law. This reserve may not be distributed to shareholders. Moreover, the transfer of such amounts may not stop before the sum of the amounts accumulated in this account becomes equal to one quarter of the authorized capital. However, based on the General Assembly's approval, the deduction may continue until the compulsory reserve becomes equal to the Group's authorized and paid-up capital. In this regard, the Group shall continue to deduct the same percentage for each year, provided that the deducted amounts do not exceed paid-up capital.

c. Voluntary Reserve

The amounts accumulated in this account represent transfers from annual profits before taxes at a rate not exceeding 20%. This reserve will be used for the purposes approved by the Board of Directors. Moreover, the General Assembly has the right to distribute the whole reserve, or part thereof, as dividends to shareholders.

d. Share Premium

This item represents the 2,500,000 premium shares issued as private stock during the year 2006 at JD 3.5 per share, in addition to JD 21 million, representing 9 million premium shares issued during the year of 2015 at a price of JD 3.33 per share after deducting the expenses related to increasing paid-up capital.

14. Loans

This item consists of the following:

	Short-Term		Long-Term	
	December 31,		December 31,	
	2019	2018	2019	2018
	JD	JD	JD	JD
Invest Bank Loan - JD (a)*	2,327,945	1,682,026	9,228,594	9,856,688
Jordan Kuwait Bank Loan - JD (b)**	986,760	14,486,386	14,617,421	-
Jordan Kuwait Bank - USD (b)***	138,060	2,030,107	1,979,836	-
Bank Audi - JD (c)****	4,377,950	500,304	-	4,039,696
Bank Audi - USD (d)*****	3,829,060	593,406	-	4,032,341
	11,659,775	19,292,229	25,825,851	17,928,725

* The Group has credit facilities from Invest Bank consisting of a loan drawn from the bank in the name of Jordan Projects for Tourism and Development Company and Moon Beach for Tourism Investments for a total amount of JD 12,960,000. The balance of this loan as of December 31, 2019 amounted JD 11,556,539, and the loan bears interest at a rate of 9.75%. The loan will be repaid in 27 equal quarterly installments beginning February 28, 2019. The purpose of these loans is to build and develop buildings.

The Group signed a restructuring agreement for the loan from the Invest Bank during the first quarter of 2019. According to the agreement, the loan is to be repaid in quarterly installments after a grace period until November 15, 2019, and the loan bears interest at an annual rate of 9.75%. The first installment is due on February 15, 2020.

In addition, during the year 2020, the Group restructured the loan from Invest Bank as stated in Note (35).

** The Group has credit facilities from Jordan Kuwait Bank consisting of a loan drawn from Jordan Kuwait Bank in the name of Jordan Projects for Tourism Development Company and Golden Coast for Tourism Hotels for an amount of JD 13,678,600. Moreover, the balance of this loan as of December 31, 2019 amounted to JD 15,604,181, the loan bears interest at an annual rate of 10.5%. The loan is to be repaid in 96 equal monthly installments, starting from January 31, 2019. The purpose of these loans is to develop and build 10 villas and operate the hotel.

*** The Group has credit facilities from Jordan Kuwait Bank consisting of a loan in USD drawn from Jordan Kuwait Bank in the name of Golden Beach Hotels for USD 3,600,000, which is equivalent to JD 2,448,936. The balance of this loan as of December 31, 2019 amounted to USD 2,991,378, which is equivalent to JD 2,117,896. The loan bears interest at a rate of 6%, and is to be repaid in 96 equal monthly installments, starting from January 31, 2019. The purpose of these loans is to operate the hotel.

During the first quarter of 2019, the Group signed an agreement to restructure its outstanding loans with Jordan Kuwait Bank (Jordanian Dinar and US Dollar) to repay the loan in quarterly installments after a grace period until November 15, 2019. Under this agreement, the annual interest rate is 11% for Jordan Projects Development Company, 10% on the JD loan for the Golden Beach Hotel Company, and 6% on the USD loan for the Golden Coast Hotels Company. The first installment is due on February 15, 2020.

In addition, during the year 2020, the Group restructured its loans from the Jordan Kuwait Bank (in Jordanian Dinar and US Dollar) as stated in Note (35).

**** The Group has credit facilities from Bank-Audi consisting of a loan of JD 7,500,000 drawn from Bank-Audi in the name of Moon Beach for Tourism Investment. The balance of this loan as of December 31, 2019 amounted to JD 4,377,950, and bears interest at a rate of 9%. The loan will be repaid in 15 equal semi-annual installments, starting from January 31, 2019. The loan was not rescheduled during the year although it was due. The purpose of these loans is to operate the hotel.

***** The Group has credit facilities from Bank-Audi consisting of a loan in US dollars of USD 10,600,000, which is equivalent to JD 7,518,000. The balance of this loan as of December 31, 2019 amounted to USD 5,393,042 which is equivalent to JD 3,829,060. The loan bears interest at a rate of 5.5%, and is to be repaid in 15 equal semi-annual installments, starting from January 31, 2019. The loan was not rescheduled during the year although it was due. The purpose of these loans is to operate the hotel.

The movement on all of the bank facilities for the years 2019 and 2018 is as follows:

	2019	2018
	JD	JD
Balance - beginning of the year	37,220,954	35,791,319
Bank loans and bills of acceptance received (interest)	3,399,509	2,715,250
Bank loans and bills of acceptance paid	(3,134,837)	(1,285,615)
Balance - End of the Year	37,485,626	37,220,954

Guarantees for credit facilities

a. Invest Bank

The Group has provided the following mortgages against the facilities granted by Invest Bank:

- A first-degree mortgage of JD 12 million and a second-degree mortgage of JD 3 million on plot of land No. 210, which was previously No. 140 - Ras Al-Yemeni Basin No. 2 - the village of the southern coast of the land of Aqaba, owned by the Group under Mortgage Bonds Nos. 262/2009 and 240/2010.

- A first-degree mortgage of JD 1,687 K on properties located on plot of land No. 21 - Ras Al-Yemeni Basin No. 2 - the village of the southern coast of the land of Aqaba, owned by the Group under Mortgage Bonds Nos. 225, 24, 241, 240, 239, 238, 237, 236, 235, 234, 232, 230, 229, 231, 228, 227, 226, 243, 2/2017.

- First-degree mortgage of JD 1,095 K on all the warehouses located on plot of land No. 11 – Ras Al-Yemeni Basin No. 2 - the village of the southern coast of the land of Aqaba, owned by the Group.

- A first-degree mortgage of JD 144 K on store No. 103 located on plot of land No. 48 - Ras Al-Yemeni Basin No. 2 - the village of the southern coast of the land of Aqaba, owned by the Group.

b. Jordan Kuwait Bank

The Group has provided the following mortgages against the facilities granted by Jordan Kuwait Bank:

- First-degree mortgages of JD 19,684 K under the debt insurance bonds Nos.108 and 109 of February 15, 2016, and debt security bonds Nos. 625,626,627, and 628 as of December 30, 2013, and bond No. 174 dated April 19, 2012.

c. Bank Audi

The Group has provided the following mortgages against the facilities granted by Bank Audi:

- Plot of land No. 31 and its construction - Ras Al-Yemeni Basin No. 2 - the village of the southern coast of the land of Aqaba, owned by the Group of JD 16.5 million, in addition to the personal guarantee of three shareholders. The Group has also issued a fire insurance policy on the mortgaged property.

15. Accounts Payable

This item consists of the following:

	December 31, 2019	December 31, 2018
	JD	JD
Lessors payable *	3,928,802	3,286,740
Aqaba Special Economic Zone	3,660,391	1,600,533
Electricity payable	1,250,650	1,497,366
Social security accrued payable	689,666	517,485
Aqaba-water payable	84,488	143,403
Notes payable	150,000	150,000
Contractors payable	20,000	105,000
Other payables	4,531,505	2,705,617
	14,315,502	10,006,144

* Lessors payable represents amounts due from the rental of real estate properties for leaseback purposes and amounts due from the rental of the Group's staff housing building.

Post-dated checks have been issued against some of the above payables. The details of these post-dated checks issued by the Group are as follows:

	December 31, 2019	December 31, 2018
Aqaba Special Economic Zone checks	3,265,790	507,666
Social security checks	299,081	418,421
Electricity checks	340,569	784,089
Lessors	457,000	559,000
Deferred contractors checks	20,000	105,000
Aqaba-water checks	4,000	143,403
Notes payable	150,000	150,000
Others	613,923	901,114
	5,150,363	3,568,693

The maturity date of the outstanding balance as of December 31, 2019 of the post-dated checks extends until June 25, 2025 (until June 12, 2022 for the balance as of December 31, 2018).

Accounts payable are presented in the consolidated statement of financial position as follows:

	December 31, 2019	December 31, 2018
	JD	JD
Accounts payable (current)	11,793,485	9,536,357
Accounts payable (non-current)	2,522,017	469,787
	14,315,502	10,006,144

16. Other Credit Balances

This item consists of the following:

	December 31, 2019	December 31, 2018
	JD	JD
Tax deposits	251,091	2,182,103
Management fees	109,482	778,704
Accrued interest	317,686	663,717
Advance payments from customers	862,034	416,782
Employees' payable	379,368	307,254
Accrued salaries	233,889	264,704
Social security deposits	473,129	120,704
Employees' tax withholdings	20,460	170,540
Operator fees	357,060	357,060
Other accrued expenses	299,293	401,545
	3,303,492	5,663,113

17. Other Provisions

This item consists of the following:

	December 31, 2019	December 31, 2018
	JD	JD
Oryx provision (Note 31) (a)	4,268,780	5,101,149
Penalty provisions (Note 26) (b)	659,837	1,221,827
Lawsuits provision (Note 26) (c)	703,656	659,656
Vacation provision (d)	96,383	96,383
	5,728,656	7,079,015

a. The movement on Oryx provision is as follows:

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
	JD	JD
Balance – beginning of the year	5,101,149	4,901,495
Provision for the year	185,000	247,392
Written off	(575,874)	-
Paid during the period	(441,495)	(47,738)
Balance-End of the Year	4,268,780	5,101,149

b. The movement on the penalty provision is as follows:

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
	JD	JD
Balance – beginning of the year	1,221,827	606,929
Provision for the year	375,000	614,898
Paid during the period	(936,990)	-
Balance-End of the Year	659,837	1,221,827

c. The movement on the lawsuits provision is as follows:

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
	JD	JD
Balance – beginning of the year	659,656	84,656
Provision for the year	44,000	575,000
Balance-End of the Year	703,656	659,656

d. The movement on the vacations provision is as follows:

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
	JD	JD
Balance – beginning of the year	96,383	-
Provision for the year	-	96,383
Balance-End of the Year	96,383	96,383

18. Deferred Revenues

As of December 31, 2019 and 2018, deferred revenues represent the amounts received from customers related to the beach club subscriptions, rent revenue, and selling real-estate.

19. Shareholder's Loan

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Abu Jaber Brothers	7,578,785	7,216,819
Presented in the consolidated statement of financial position:		
Current liabilities	6,078,785	7,216,819
Non-current liabilities	1,500,000	

This amount represents the loan granted by Abu Jaber Brothers Company to one of the subsidiaries (shareholder and member of the Board of Directors). The purpose of this loan is to provide the necessary liquidity to finance various investment operations for Moon Beach for Tourism Investments Company (subsidiary).

The loan annex agreement was signed between the parties on May 6, 2017, which includes the following:

- The interest rate and repayment terms shall be amended regarding the loan balance as of January 1, 2015 of JD 6,483,968 as agreed by the parties according to the following terms:

a. If the debtor / Moon Beach for Tourism Investment and / or any of the other companies within the group of companies owned and / or controlled by Jordan Project for Tourism Development Company pays JD 3 million to the creditor / Abu Jaber Brothers Company in 2017, the creditor agrees to charge interest at a new rate of 5.5% as of January 1, 2018 on the balance of the loan after the payment of JD 3 million.

   Moreover, the remaining debt balance shall be paid within two years in four equal installments, starting from the aforementioned payment date, in addition to the interest due. Accordingly, the first payment is due on June 1, 2018. The remaining installments are due after six months from the due date of each installment until the loan is fully settled.

b. If the debtor / Moon Beach for Tourism Investments fails to fully pay the aforementioned amount of JD 3 million during 2017, the consequences shall be as follows:

- The creditor agrees to a new interest rate of 5.5% as of January 1, 2017 on the loan balance.

- The maturity date of the first installment of the loan principal and any accrued interest shall be amended, so that the first installment date shall be June 30, 2018, at an amount of JD 1,500,000 plus accrued interest.

- The remaining amounts of JD 1,500,000 plus accrued interest shall be paid every six months until full settlement.

- If the debtor fails to pay any installment on its due date, the remaining installments and undue amounts, including due interest, shall be deemed due and are to be repaid immediately.

- The contractual interest rate and / or agreed compensation above is annual.

  At the end of 2018, the Group signed an agreement with the shareholder to reschedule the shareholder's loan, so that the first installment is due on August 30, 2020 with to the rest of the terms and conditions referred to above unchanged.

20. Income Tax

a. Income tax expense

This item consists of the following:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Income tax expense for the year	51,319	35,751
Impairmnet of deferred tax assets	-	440,099
	51,319	475,850

b. Income tax provision

The movement on the income tax provision is as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Balance - beginning of the year	274,156	238,405
Accrued income tax on the current year's profit	51,319	35,751
Balance – End of the Year	325,475	274,156

c. Deferred Tax Assets

The movement on deferred tax assets is as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Balance at the beginning of the year	-	440,099
Impairment of deferred tax assets	-	(440,099)
Balance – End of the Year	-	-

d. Tax Position:

- Jordan Projects for Tourism Development

  In the opinion of the Company's tax advisor, there is no need to calculate an income tax provision for the period ended December 31, 2019, as the Company incurred losses. Moreover, the Company settled its taxes up to 2014, by rejecting the decision. The years from 2006 to 2008 are pending judgment by the Court of Appeal for Income Tax Cases. The Company also submitted its tax return /declared its income for the fiscal year 2013, and it has submitted its objection against the decision issued thereon. The Company has not yet submitted its tax returns for the years 2015, 2016 and 2017 to the Income and Sales Tax Department. The Company has submitted the draft for the year 2018 and it is still under audit. In this regard, the Company is committed to submitting its sales tax returns up to date, and there is a declared balance due from the Company of JD 9,459 that it has not paid yet.

- Moon Beach for Tourism Investment

  In the opinion of the Company's tax advisor, there is no need to calculate an income tax provision for the period ended December 31, 2019, as the Company incurred losses for the period. Moreover, the Company finalized its tax positon up to 2014. In addition, the Company submitted its tax return for the fiscal year 2013, and has submitted its objection against the decision issued thereon. Meanwhile, the Company submitted its tax returns/declared its taxable income for the years 2015, 2016 and 2017. However, the Income and Sales Tax Department has not yet reviewed the Company's accounts nor issued its final decision up to the date of the financial statements. In this regard, the Company is committed to submitting its sales tax returns up to date, and it owes a declared tax balance of JD 1,582,705, excluding late payment penalties of 0.004 for each week of delay.

The Income and Sales Tax Department - Aqaba Economic Development Zone Authority issued an order for the attachment of the bank accounts of Moon Beach Tourism Investment Company on October 29, 2017, as the Company did not pay the amount due to the Income and Sales Tax Department.

- Golden Coast for Hotels
  In the opinion of the Company's tax advisor, the provision need to be taken for the year ending December 31, 2019 amounts to JD 33,535. Moreover, the Company finalized its tax position up to 2014, while the years from 2005 to 2007 are still in the initial assessment stage. In addition, the Company submitted its tax return for the fiscal year 2013, and submitted its objection against the decision issued thereon. The Company submitted its tax returns / declared its taxable income for the years 2015, 2016 and 2017. However, the Income and Sales Tax Department has not yet reviewed the Company's accounts nor has it issued its final decision up to the date of the consolidated financial statements. The Company has submitted the draft for the year 2018 and it is still under audit. Furthermore, the Company is subject to a mandatory tax of JD 6,846, including JD 200 as penalty on the late submission of the tax return for the year 2016. In this regard, the Company is committed to submitting its sales tax returns up to date, and it owes a declared tax balance of JD 693,190, excluding late payment penalties of 0.004 for each week of delay. The Company has settled that balance through post-dated checks.

- Aqaba Gulf Construction (Under liquidation)
  The Company submitted its tax returns for the years from 2005 to 2010, and the Company owes tax amounts of JD 316,032, excluding penalties, not paid until the date of the consolidated financial statements.

- Sama Al Aqaba Company
  In the opinion of the Company's tax advisor, there is no need to calculate an income tax provision for the period ended December 31, 2019, as the Company is not operating. The Company submitted its objection against the decision issued for the years 2010 to 2014. The Company has submitted its tax return for the year 2017 and it is still under audit process. The Company is not committed to submitting its tax returns for the years 2015 and 2016.

- Tala Beach for Maintenance and Services
  In the opinion of the Company's tax advisor, there is no need to calculate an income tax provision for the period ended December 31, 2019 as the Company incurred losses for the period. The Company finalized its tax position up to 2014 and is subject to a mandatory tax of JD 15,109 excluding other penalties. The Company submitted its tax returns the years 2015, 2016 and 2017, however, the Income and Sales Tax Department has not yet reviewed the Company's accounts nor has it issued its final decision up to the date of the consolidated financial statements.

- Amwaj Al Aqaba for Managing Projects and Services
  In the opinion of the Company's tax advisor, the income tax provision to be recorded for the period ended December 31 2019 is JD 17,785. Moreover, the Company finalized its tax positions up to 2015, and submitted its tax return for the fiscal year 2017 and was accepted within the unaudited sample. In the meantime, the Company is not committed to submitting its financial statements and tax return for the fiscal year 2016. The Company submitted the draft for the year 2018 and is waiting for the final financial statements.

- Jordan Hotels Holding AG
  The tax returns submitted to the tax authority in Switzerland have been accepted for the years 2017 and 2018, there are no tax obligations on the Company for the years mentioned above since the Company paid full taxes for the years 2017 and 2018, and in the opinion of management there is no need to take any tax provision.

In the opinion of management and tax advisor of the Group, the tax provisions taken as of December 31, 2019 are sufficient to meet any future tax obligations.

21. Revenue

This item consists of the following:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Hotels revenue	10,804,151	10,643,880
Services revenue	3,849,253	3,744,510
Sales of properties	945,000	1,775,000
Revenue from assets and property (Renting)	1,536,594	1,878,982
	17,134,998	18,042,372

- The details of revenue, according to segmental and geographical distribution, are mentioned in Note (34)

22. Cost of Revenue

This item consists of the following:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Hotels cost of revenue	3,149,184	4,349,331
Services cost of revenue	1,604,978	2,746,233
Cost of real estate sales	807,021	1,281,333
Cost of assets and property rental	1,615,423	1,609,537
	7,176,606	9,986,434

The details of the above costs are as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Cost of sold apartments plus sales commissions	807,021	1,281,333
Cost of food and beverage sold	1,350,388	1,623,645
Cost of consumed and distributed electricity	1,128,462	1,496,065
Rental of villas, apartments, and cabanas	207,986	1,609,537
Maintenance	966,181	1,106,781
Cost of distributed water	684,507	878,655
Cost of fuel sold	525,988	424,019
Direct costs of rooms	183,839	230,727
Rent	85,044	303,587
Constructors fees	172,035	159,797
Insurance	50,827	57,516
Communications	38,454	57,388
Hotels Management cost	-	54,676
Commissions	81,265	48,932
Transportation	116,911	20,370
Governmental fees	118,376	7,341
Professional fees	39,538	2,259
Others	619,784	623,806
	7,176,606	9,986,434

23. Personnel Costs

This item consists of the following:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Salaries, wages and other benefits	3,894,410	3,479,807
Accommodation and transportation allowances and other benefits	348,386	942,604
Social security contribution	493,980	483,965
Transportation and lunch	308,980	211,150
Medical insurance expense	162,800	134,078
Others	176,054	-
	5,384,610	5,251,604

24. General and Administrative Expenses

This item consists of the following:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Professional fees	185,513	232,878
Rent	135,770	107,855
Transportation and accommodation	76,806	105,323
Advertising	58,554	75,103
Stationery and printings	1,366	63,235
Water, electricity and fuel	33,048	61,140
Legal expenses	4,998	3,924
Maintenance	2,690	2,324
Insurance	5,381	1,047
Others	394,598	310,190
	898,724	963,019

25. Borrowing Costs

This item consists of the following:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Interest on banks loans	3,717,195	3,378,967
Interest on shareholder's loan	396,925	376,232
Interest on lease liability	252,667	421,857
Interest on leases	215,806	-
	4,582,593	4,117,056

26. Other Provision Expenses

This item consists of the following:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Lawsuits provision	44,000	575,000
Penalties provision	375,000	614,898
Other expenses	-	665,463
	419,000	1,855,361

27. Other Revenue

This item consists of the following:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Shared services revenue	107,959	105,710
Water and electricity service revenue	35,555	55,951
Beach Club service revenue	-	30,616
Revenues from car selling and services	-	33,869
Revenue from telecom towers rental	25,000	-
Other revenues	4,336	-
	172,850	226,146

28. Related Party Transactions and Balances

The details of balances with related parties are as follows:

a. Balances

	Due from Related Parties		Due to Related Parties	
	December 31,		December 31,	
	2019	2018	2019	2018
	JD	JD	JD	JD
United Insurance	-	6,813	13,396	136,319
Major shareholders receivable	172,407	495,700	417,877	409,287
	172,407	502,513	431,273	545,606
Shareholder's loan	-	-	7,578,785	7,216,819
Oryx Company **	-	-	4,268,870	5,101,149
	-	-	11,847,565	12,317,968

* No guarantees on these balances have been submitted or received. In addition, no impairment expense were booked during the year in relation to the balances due from related parties.

b. Transactions

	Revenues		Interests	
	2019	2018	2019	2018
	JD	JD		
Shareholder's loan	-	-	396,925	376,232
Zara South Coast Development **	464,789	569,398	-	-
Oryx Company **	-	-	185,000	247,392
	464,789	569,398	581,925	623,624

** A Company partially owned by a board member.

- Transactions with related parties are priced within the normal commercial terms of the other customers.

c. Compensation of Key Management Personnel

The salaries and benefits of executive management amounted to JD 227,731 for the year 2019 (JD 330,600 for the year 2018).

d. During 2015, the Group acquired the companies that operated Radisson Blu Hotel and Marina Plaza Hotel in Tala Bay, which were previously owned by Abu Jaber Brothers Company (a shareholder) and Orascom Company (a shareholder). The land on which the building of the hotels is built was previously owned by Jordan Projects for Tourism Development Company. Moreover, this land was sold on the condition that it be developed for an amount of JD 35 per meter before constructing the hotels thereon. Meanwhile, the Company repurchased it for an average amount of JD 176, while the revaluation average is JD 502, based on market data and estimates conducted by three real estate valuation experts in 2015. In the opinion of the Company's management, the change in price is related to the development project and the new infrastructure for the area, which was unqualified yet.

29. (Accumulated Losses) Management's Future Plan

The Group incurred losses of approximately JD 3.8 million for the year ended December 31, 2019. As of December 31, 2019, the accumulated losses amounted to approximately JD 23.4 million, which exceeded 75% of the Company's paid-up capital. The Group's current liabilities exceeded its current assets by approximately JD 11.9 million. The Group also has a deficit in liquidity for it to meet its short-term liabilities, as well as loans and interest due to creditors. In addition, the accumulated losses for some of its subsidiaries exceeded their paid-up capital. These events or conditions raise a material uncertainty about the Group's ability to continue as a going concern. The following are the details of the Group's future plan, and therefore, the consolidated financial statements have been prepared on the going concern basis:

1. Increasing the Group's paid-up capital as soon as possible by a sufficient amount to ensure the continuity of the Group, which is currently under discussion with the major shareholders of the Group.

2. Trying to reschedule the Group's due payments for the Income and Sales Tax Department and any other due payments.

3. Trying to increase the effectiveness of collecting receivables.

4. Focusing during the current period on increasing rental revenues and benefiting from government support provided for domestic tourism.

5. Trying to renegotiate with the lessors in order to enter into lease agreements on new terms and to attract new lessors.

6. Working to generate new revenues from unused stores and warehouses, and focusing on increasing restaurants sales.

7. Continue to work on reducing operating costs and employee expenses.

30. Leases

The movement on the right-of-use assets during the year is as follows:

a. Right-of-use assets

	For the year ended December 31, 2019
	JD
Balance – beginning of the year (adjusted)	4,440,876
Add: Additions during the year	-
Less: Depreciation for the year	(858,996)
Balance – End of the Year	3,581,880

Amounts recognized in the consolidated statement of profit or loss and comprehensive income:

	For the year ended December 31, 2019
	JD
Depreciation for the year	858,996
Interest during the year	215,806
	1,074,802

b. Lease liabilities

	For the year ended December 31, 2019
	JD
Balance – beginning of the year (adjusted)	4,292,523
Add: Interest during the year	215,806
Less: Payments during the year	-
Balance – End of the Year	4,508,329

Maturity of lease liabilities analysis:

	December 31, 2019
	JD
Less than 1 year	795,457
From 1 to 5 years	1,381,873
More than 5 years	2,330,999
	4,508,329

Maturity of undiscounted lease obligations analysis:

	December 31, 2019
	JD
Less than 1 year	826,976
From 1 to 5 years	1,553,953
More than 5 years	2,735,106
	5,116,035

31. Contingent Liabilities and Financial Commitments

a. Lawsuits Raised against the Group

There are several lawsuits raised against the Group regarding labor claims and other financial claims of JD 1,549,294 as of December 31, 2019 (JD 1,414,288 as of December 31, 2018). According to the Group's management and its legal consultant, there is no need to book any additional provisions for these lawsuits.

b. Off-Consolidated Statement of Financial Position Items

As of the date of the consolidated financial statements, the Group had contingent liabilities as follows:

	December 31,	
	2019	2018
	JD	JD
Bank guarantees	72,565	72,565
	72,565	72,565

c. Land Purchase Agreement with Aqaba Special Economic Zone

On June 18, 2000, the Group signed an agreement with Aqaba Special Economic Zone authority to purchase a plot of land located on the southern beach of Aqaba to be used for the construction, operation, and management of a comprehensive touristic village comprising hotels, apartments, residential villas, and other related facilities.

Under this agreement, the Group has the following commitments:

1. Payment of 1% (every two months) of the gross revenue generated from operating hotels, restaurants, and recreation centers; commercial, cultural, and entertainment centers; as well as the Marina.

2. Payment of JD 2.15 for each square meter of the land sold to third parties for the construction of residential apartments and villas for sale.

3. Restrictions on the use of all the Group's plots of land under the agreement. Such restriction will be lifted on any plot of land, or part thereof, once the value of the land has been settled, and the project's construction phases of Tala Bay project have been completed according to the drawings approved by Aqaba Special Economic Zone Authority, provided that these plots of land are sold to other parties for the purpose of building hotels or other touristic or service projects.

The agreement signed with Aqaba Special Economic Zone Authority (ASEZA) states that the hotels owned by the Group or any entity that purchases, invests or manages the hotel project shall pay (1)% of the total revenues from operating the project facilities (hotels, restaurants, recreational facilities and commercial centers as specified in the Agreement (Q9/99)), before the deduction of any expenses or costs. Moreover, this amount shall be calculated and remitted to the Aqaba Special Economic Zone Authority every (60) days. If the Group defaults on the payment, interest shall be charged on the defaulted payment at a rate of (9%), and shall be paid to Aqaba Special Economic Zone Authority.

d. Royal Diving Club Security Agreement with Aqaba Special Economic Zone Authority

On July 5, 2001, the Group signed an agreement with Aqaba Special Economic Zone Authority to operate the Royal Diving Club for the purpose of constructing an integrated diving village. According to this agreement, the Group will construct and operate a touristic project consisting of an integrated diving center. This includes the construction of and/or the operation of and/or the management of a new diving center, hotel, restaurant, cafeteria, and commercial units.

The term of the agreement is 49 years starting from the agreement's date, renewable upon the mutual consent of both parties. Under the agreement, the Group is subject to the following obligations:

1. An annual fee of JD 50,000 shall be paid at the beginning of each year (since the inception of this agreement), and as of the beginning of the second year (after the inception of the agreement). Moreover, the Company shall be exempt from the payment of guarantee fees during the first year of this agreement. Starting from the end of the fourth year of the agreement, the annual allowance shall be increased by 2.5% annually.

2. 10% of the total revenues generated from operating the restaurant and cafeteria, as well as 5% of the total revenues generated from operating the hotel and its facilities, shall be paid effective from the start of operating any one of them. The guarantor company shall bear all of these expenses.

3. Aqaba Special Economic authority shall not bear any losses or risks if the project fails to operate.

4. The guarantor company shall dedicate at least 4% of the project revenues for marketing and promotion purposes.

5. In the event the Company is late in the payment of any outstanding payments, interest shall be charged at a rate of 9% per year of the payment amount starting from the due of this payment.

6. During 2015, the Company signed a memorandum of understanding (MOU) with the guarantor company for the treatment of all pending financial issues. In this respect, an initial agreement was reached to establish a new joint company to manage the Royal Diving Club under the control of Jordan Tourism Development Company.

7. Jordan Union for Tourism Projects was established in 2015, and 60% of it is owned by the Company.

e. <u>Termination of the Oryx Hotel Management Agreement with the International Cooperation Company for Investment</u>

Jordan Projects for Tourism Development Company and Jordan Holding AG (Subsidiary Company) have terminated the Management Services Agreement with Oryx Hotel (The Hotel) owned by the International Cooperation for Investment and Tourism.

It was agreed that Jordan Projects for Tourism and Development Company shall pay JD 4,315,176, as penalties including the payment of the liability of the International Cooperation Company for Investment and Tourism to the banks in compensation for the hotel's operating losses, in addition to the expenses of renovating the hotel and settlement of the debts owed to the hotel suppliers and providers for the term of the original agreement.

In addition to the above amount, the two parties agreed that Jordan Projects for Tourism Development Company may not claim any amounts due from the hotel to the Group of JD 778,428, in exchange of the termination of the hotel management agreement. Accordingly, the total liabilities of Jordan Projects for Tourism Development Company became JD 5,093,604, including JD 209,705 as a provision for expected credit losses. During 2018, a provision was taken against these liabilities, and during 2019, the amount of JD 778,428 were written off including provision for expected credit loss of JD 209,705.

The two parties also agreed to the followings:

Jordan Projects for Tourism Development Company shall sign the agreement for using the beach of Jordan Projects for Tourism Development and / or its subsidiaries for the benefit of the hotel for one complete year, in addition to transporting guests free of charge.

Jordan Projects for Tourism Development Company shall pay any outstanding liabilities that may appear later but were due from Oryx Hotel. As the agreement is based on the hotel's trial balance as of May 1, 2016, any differences and increases related to the debts owed to the suppliers and service providers as of May 1, 2016 shall be considered the responsibility of Jordan Projects for Tourism Development, provided that such liabilities do not exceed JD 100,000 at maximum.

Jordan Projects for Tourism Development shall provide the hotel with copies of all the contracts previously signed with travel and tourism companies and / or any other companies, and / or contracts that constitute commitments to others in the future.

Jordan Projects for Tourism Development Company undertakes not to receive any amounts and / or checks and / or payments from any third party from the date of signing the agreement and also undertakes to deliver any payments received during March to Oryx Hotel directly.

Jordan Projects for Tourism Development Company shall collect any amounts the hotel cannot collect from others. In the event that it is unable to collect them, Jordan Projects for Tourism Development shall pay those amounts to the hotel.

The hotel undertakes to raise its capital to JD 16,333,320, and to register one million shares of the shares of the International Cooperation Company for Investment and Tourism in the name of the second party (Jordan Projects for Tourism Development) after fulfilling all the terms of the management service termination agreement of Oryx Hotel entered into and agreed upon by both parties.

32. (Loss) per Share-Basic and Diluted

loss per share has been calculated by dividing the loss for the year by the weighted average number of shares as of December 31, 2019 and 2018 as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
(Loss) for the year	(3,774,203)	(6,267,009)
	Shares	Shares
Weighted average number of shares	30,500,000	30,500,000
	JD / Share	JD / Share
(Loss) per Share – Basic and diluted	(0.124)	(0.21)

33. Financial Instruments

a. Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern and maximize the return to stakeholders through achieving the optimal balance between shareholders' rights and debts.

b. Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that the Group will encounter difficulty in raising funds to meet its obligations. The Group manages liquidity risk, primarily through continuous monitoring of forecast and actual cash flows and matching cash collections from operations and sold apartments and residential units, to provide the necessary liquidity to fund working capital and operational activities.

The Company's quick liquidity ratio - through comparing cash on hand and at banks, accounts receivable, and other debit balances, excluding deferred revenues, as of December 31, 2019 and 2018 – was as follows:

	December 31,	
	2019	2018
	JD	JD
Cash on hand and at banks	455,864	627,101
Accounts receivable – net	1,302,539	1,953,098
Other debit balances	762,050	811,848
Total	2,520,453	3,392,047
Current liabilities, excluding deferred revenues	36,213,866	43,021,285
Percentage % (quick liquidity ratio)	7%	8%

The Company's liquidity position as of the date of the consolidated financial statements is as follows:

	December 31,	
	2019	2018
	JD	JD
Current assets	24,368,244	25,835,319
Less: Current liabilities	(36,285,587)	(43,306,285)
(Deficit) in working capital	(11,917,343)	(17,470,966)

Management's future plan to address the deficit in liquidity and working capital is disclosed in note (29).

c. Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Group has adopted a policy of dealing with only creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group does not apply the procedure of obtaining sufficient collaterals against account receivables, therefore the accounts receivable are not guaranteed as of the consolidated financial statements date.

d. Interest Rate Risk

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

The Group manages its interest rate exposure on an ongoing basis, and various scenarios are assessed such as financing, renewal of existing positions, and alternative financing.

The sensitivity analysis below has been determined based on the exposure to interest rates related to loans as of the consolidated statement of financial position date. The analysis is prepared assuming that the loans balances outstanding at the consolidated statement of financial position date have been outstanding for the whole year. A 1% increase or decrease is used, representing management's assessments of probable and acceptable changes in interest rates.

The effect of an (increase) decrease in interest rates by 1%, assuming all other variables are held constant, is as follows:

	+ 1%		-1%	
	2019	2018	2019	2018
	JD	JD	JD	JD
Loss/shareholders' equity	(374,856)	(372,210)	374,856	372,210

e. Foreign Currency Risk

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

The Group's major foreign currency transactions are mainly dominated in US Dollar. Management believes that the impact of foreign currency risk on the consolidated financial statements is immaterial as the Jordanian Dinar (functional currency of the Company) is pegged to the US Dollar.

34. Geographical and Segmental Distribution

The Company's activities are categorized into four sections: Lands and apartments sales; services; leasing; and hotels. These sections represent the core of segmental information. The main products and services are divided as follows:

a. Sales

1. Apartments: Selling residential apartments and villas in Tala Bay Tourism resort.
2. Lands: Selling developed lands for the purpose of constructing touristic hotels.

b. Services

General services: Providing several services to the residents and guests of Tala Bay Tourism resort, staff housing, and Royal Diving Club and hotel.

c. Leasing

Leasing the staff housing building and commercial shops in Tala Bay resort, and selling and releasing some apartments.

d. Hotels

Hotel services: Providing various services to the hotel guests.

Analysis of Revenues, Gross Profit, Assets, and Liabilities of Segments

	Segment Revenue		Segment Cost of Revenue		Segment Gross Profit	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Hotels	10,804,151	10,643,880	(4,071,836)	(5,259,599)	6,732,315	5,384,281
Real estate projects	945,000	1,775,000	(807,021)	(1,281,333)	137,979	493,667
Assets and property management	3,476,076	3,739,360	(2,147,128)	(2,554,781)	1,328,948	1,184,579
Operations management	3,400,017	4,881,461	(2,596,762)	(2,776,691)	803,255	2,104,770
Unallocated assets	(1,490,246)	(2,997,329)	2,446,141	1,885,970	955,895	(1,111,359)
	17,134,998	18,042,372	(7,176,606)	(9,986,434)	9,958,392	8,055,938
General and administrative expenses and employees' expenses					(6,283,332)	(6,214,623)
Borrowing costs					(4,582,593)	(4,177,056)
Depreciation					(2,502,437)	(1,600,489)
Provisions expense					(604,000)	(2,081,075)
Other revenues					291,086	226,146
(Loss) for the Year before Income Tax					(3,722,884)	(5,791,159)
Income tax expense					(51,319)	(475,850)

	2019	2018
	JD	JD
Segment Assets		
Hotels	71,760,643	73,863,862
Real estate projects	2,268,619	1,941,787
Assets and property management	5,510,448	2,787,494
Operations management	9,922,579	11,060,108
Land development	20,997,780	21,324,612
Unallocated assets	6,660,472	5,091,548
Total Segment Assets	117,120,541	116,069,411
Segment Liabilities		
Hotels	33,211,606	35,114,324
Assets and property management	7,708,423	1,975,972
Operations management	1,645,489	1,819,737
Unallocated liabilities	33,690,674	32,518,917
Total segment liabilities	76,256,192	71,428,950
Net	40,864,349	44,640,460

35. Events after the reporting period

The existence of Novel Coronavirus (COVID-19) was confirmed in January 2020 and has subsequently spread to many other countries around the world. This event was declared by the World Health Organization as a global pandemic. This pandemic is expected to have several economic effects during the year 2020 on all economic sectors. Management considers this event to be a non-adjusting event after the reporting period and therefore has not made any adjustments to the consolidated financial statements as a result of this matter.

Management has taken these unique circumstances and the exposure of the Company to risk into consideration, and has evaluated the resulting effects on the Group to review and evaluate the expected risks resulting from this event, as it has restructured some loans until the beginning of the year 2021. Management expects persistence of the material uncertainty about the Group's ability to continue as a going concern in the future according to the going concern basis.

36. Fair Value Measurement

Fair value of financial assets and financial liabilities not measured at fair value on a recurring basis:

Except for what is detailed in the following table, management believes that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements of the Group approximate their fair values, and this is as a result of either their short-term maturity, or the fact that their interest rates are re-priced during the year.

	December 31, 2019		December 31, 2018		
	Book Value	Fair Value	Book Value	Fair Value	Fair Value Hierarchy
Financial assets not measured at fair value	JD	JD	JD	JD	
Investment property	3,122,831	3,852,215	3,210,179	3,852,215	Level 2
Projects and lands available for sale and projects pending delivery	20,997,780	177,505,260	21,324,614	177,505,260	Level 2
Total Financial Assets Not Measured at Fair Value	24,120,611	181,357,475	24,534,793	181,357,475	
Financial liabilities not measured at fair valué					
Loans	37,485,626	37,531,807	37,220,954	37,220,954	Level 1
Total Financial Liabilities Not Measured at Fair Value	37,485,626	37,531,807	37,220,954	37,220,954	

For the above-mentioned items, the fair value of the financial assets and liabilities classified as level two has been determined in accordance with generally accepted pricing models that reflect the credit risk of counterparties.