

**INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANT'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018**

**INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANT'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)**

INDEX	PAGE
Independent Certified Public Accountant's Report	1 – 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Comprehensive Income	5
Consolidated statement of Other Comprehensive Income	6
Consolidated Statement of Owner's Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9 – 31

CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the shareholders
Injaz for Development and Projects Company P.L.C

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Injaz for Development and Projects Company P.L.C, which comprise of the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of Comprehensive income, consolidated statement of Other Comprehensive income, consolidated Statement of owners' equity and consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position of Injaz for Development and Projects Company P.L.C as of December 31, 2018, and its financial performance and cash flows for the year then ended are in accordance with International Financial Reporting Standards.

Basis for Opinion

We conduct our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in Auditor's Responsibilities for the audit of the consolidated Financial Statements. We are independent of the company in accordance with International Standard Board Code of Ethics for professional accountants ("the code") and we have fulfilled our other ethical responsibilities in accordance with the code.

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

Attention

The working capital deficit of the Company amounted to JD 6,705,212 as of December 31, 2018, which shows a state of uncertainty regarding the Company's ability to meet its obligations to creditors within the next 12 months. In the subsequent period, the Management will restructure a large part of its banking facilities and obligations.

Key audit matters

Key audit matters, according to our professional judgment are matters that had the significant importance in our auditing procedures that we performed to the consolidated financial statement. The basic auditing matters have been addressed in our auditing workflow to consolidated financial statements as we do not express separate opinions.

Audit . Tax . Advisory

Key auditing matters

Goodwill

According to International Financial Reporting Standards, the Company's must assess the goodwill and test the impairment, the goodwill, as of December 31, 2018 was 27,508,872JD.

The annual impairment of goodwill is a key audit matter due to the complexity of the accounting requirements and the general provisions required in determining the assumption to be used in estimating the recoverable amount. The recoverable amount of the cash generating units, which is based on the value in use or the fair value less costs to sell, whichever is higher, is calculated from discounted cash flow models. These models use several basic assumptions including estimates of future sales volume and prices, Operating costs and the rates of growth of the final value and weighted average cost of capital.

The following is a description of our auditing procedures

Goodwill

The auditing procedures that we have performed include evaluating assumptions and methods used by the company's management especially matters related to expected revenues and profit margin, we have also emphasized on the adequacy of the disclosures of the most sensitive assumption that are used by the company for impairment test that are of significant influence to determine the recoverable amount of goodwill.

Other Matter

The financial statement for subsidiary (Arab Tower Contracting Company (Ltd)) for year ended December 31, 2018 whose financial statement represent 89% of total assets and 100% of the total revenue of the consolidated financial statement have been reviewed by another auditor and he issued his unqualified opinion on February 28, 2018.

Other information

The management is responsible for other information which includes other information reported in the final report, but not included in the consolidated financial statements and our audit report on it

Our opinion does not include these other information, and we do not express any assertion over it regarding our consolidated financial statement audit we are obliged to review these other information, and while that, we consider the compatibility of these information with their consolidates financial statement or with the knowledge we gained during the audit. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

Management and individuals responsible of governance about the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. And for such internal control, management is determined 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, the management is responsible for assessing the Company's ability to continue as a Going Concern, disclosing, as applicable, matters related to Going Concern and using the Going Concern basis of accounting unless the management either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Individuals responsible of governance are responsible of supervising the preparation of consolidated financial statements.

Certified public accountant responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require us to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the initial Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude the appropriateness of the Management's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, we will modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the initial consolidated Financial Statements, including the disclosures, and whether the initial Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.

We communicated with audit committee 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.

Legal requirements report

The Company maintains an organization's accounting records and records fairly, and the financial statements are in agreement with them and we recommend to the General Assembly to approve them.

Modern Accountants

Walid M Taha
License No. (703)

Modern Accountants



A member of
Nexia
International

حسابيون العصريون

Amman-Jordan
March 18, 2019

**INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)**

	Note	2018	2017
ASSETS			
Non-current assets			
Goodwill	13	27,508,872	27,508,872
Property and equipment	4	25,257,047	23,988,272
Long-term projects retentions	5	6,278,868	6,879,227
Financial assets designated at fair value through other comprehensive income		190,005	234,221
Total non-current assets		59,234,792	58,610,592
Current assets			
Prepaid expenses and other receivables	8	8,661,378	4,608,928
Inventories		9,702,560	9,136,363
Projects under construction		5,092,755	7,997,965
Amount due from customers on construction contract		40,074,398	40,071,117
Accounts receivable and checks under collection	7	60,594,124	43,027,847
Short-term projects retentions	5	6,653,237	8,663,752
Cash and cash equivalents	6	7,376,855	6,097,773
Total current assets		138,155,307	119,603,745
TOTAL ASSETS		197,390,099	178,214,337
LIABILITIES AND OWNERS' EQUITY			
Owners' equity			
Share capital	1	37,720,000	37,720,000
Statutory reserve	15	1,621,876	1,468,614
Special reserve	15	21,906	21,906
Fair value reserve		(150,530)	(106,314)
Retained earnings	16	6,319,203	7,014,446
Equity attributable to equity holders of the parent company		45,532,455	46,118,652
Non- controlling interest		6,997,125	6,257,994
Total owners' equity		52,529,580	52,376,646
Current liabilities			
Accrued expenses and other liabilities	12	4,607,003	6,463,880
Payments received in advance from construction contract		12,895,312	14,752,832
Accounts payable and deferred checks	9	70,456,930	58,889,730
Notes payable		298,698	429,650
Short-term loans	10	40,285,997	29,498,048
Banks overdraft	11	16,316,579	15,803,551
Total current liabilities		144,860,519	125,837,691
TOTAL LIABILITIES AND OWNERS' EQUITY		197,390,099	178,214,337

The accompanying notes are an integral part of these consolidated financial statements

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
AS OF DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

	Note	2018	2017
Revenues		131,548,257	229,838,792
Cost of revenues	17	(125,783,761)	(220,350,658)
Gross profit		5,764,496	9,488,134
General and administrative expenses	18	(2,493,320)	(2,587,746)
Financial charges		(1,308,808)	(1,425,061)
Other revenues and expenses		753,471	242,054
Income before income tax		2,715,839	5,717,381
Income tax	12	(444,088)	(929,849)
INCOME FOR THE YEAR		2,271,751	4,787,532
Attributable to:			
Equity holders of the parent company		1,532,620	3,254,206
Non-controlling interests		739,131	1,533,326
		2,271,751	4,787,532
Earning pershare			
Earning pershare- JD/ share		0,04	0,09
Outstanding weighted average share		37,720,000	36,690,833

The accompanying notes are an integral part of these consolidated financial statements

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

	2018	2017
Income for the year	<u>2,271,751</u>	<u>4,787,532</u>
Other comprehensive income items:	-	-
Total other comprehensive income to bereclassified to retained earningsin	<u>2,271,751</u>	<u>4,787,532</u>
Change in fair value reserve	(44,216)	(7,170)
Total other comprehensive incomefor the year	<u>2,227,535</u>	<u>4,780,362</u>
Attributable to:		
Equity holders of the parent	1,488,404	3,247,036
Non-controlling interests	739,131	1,533,326
	<u>2,227,535</u>	<u>4,780,362</u>

The accompanying notes are an integral part of these consolidated financial statements

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF OWNERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

	Note	Share capital	Issuance premium	Statutory reserve	Special reserve	Fair value reserve	Retained earnings	Equity attributable to equity holders of the parent company	Non-Controlling Interest	Total Owners' equity
Balance at January 1, 2017		35,250,000	2,470,000	1,143,193	21,906	(99,144)	7,610,661	46,396,616	4,724,668	51,121,284
Increase in Share capital	I	2,470,000	(2,470,000)	-	-	-	-	-	-	-
Dividend		-	-	-	-	-	(3,525,000)	(3,525,000)	-	(3,525,000)
Comprehensive income for the year		-	-	-	-	(7,170)	3,254,206	3,247,036	1,533,326	4,780,362
Transfer to statutory reserves		-	-	325,421	-	-	(325,421)	-	-	-
Balance at December 31, 2017		37,720,000	-	1,468,614	21,906	(106,314)	7,014,446	46,118,652	6,257,994	52,376,646
Dividend		-	-	-	-	-	(2,074,601)	(2,074,601)	-	(2,074,601)
Comprehensive income for the year		-	-	-	-	(44,216)	1,532,620	1,488,404	739,131	2,227,535
Transfer to statutory reserves		-	-	153,262	-	-	(153,262)	-	-	-
Balance at December 31, 2018		37,720,000	-	1,621,876	21,906	(150,530)	6,319,203	45,532,455	6,997,125	52,529,580

The accompanying notes are an integral part of these consolidated financial statements

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

	2018	2017
OPERATING ACTIVITIES		
Income for the year	2,715,839	5,717,381
Adjustments on income for the year		
Depreciation	3,990,323	4,049,034
Gain on disposal of property, plant and equipment	(250,001)	(28,727)
Financial charges	1,308,808	1,425,061
Changes in operating assets and liabilities:		
Prepaid expenses and other receivables	(4,052,450)	4,601,408
Projects retentions	2,610,874	(3,582,982)
Accounts receivable and checks under collection	(17,566,277)	7,177,235
Amount due from customers on construction contract	(3,281)	3,927,204
Inventory	(566,197)	(92,314)
Projects under construction	2,905,210	(5,129,816)
Accrued expenses and other liabilities	(2,300,965)	1,368,983
Payment received in advance from construction contract	(1,857,520)	(12,449,750)
Accounts payable and deferred checks	11,567,200	5,569,928
Cash (used in)/ available from operating activities	(1,498,437)	12,552,645
Financial charge paid	(1,308,808)	(1,425,061)
Net cash (used in)/ available from operating activities	(2,807,245)	11,127,584
INVESTING ACTIVITIES		
Purchase property and equipment	(5,434,675)	(3,911,477)
Proceeds from sale of property, plant and equipment	425,578	49,318
Net cash used in investing activities	(5,009,097)	(3,862,159)
FINANCING ACTIVITIES		
Banks overdraft	513,028	6,260,946
Short-term loans	10,787,949	(10,980,628)
Notes payable	(130,952)	(87,138)
Dividend	(2,074,601)	(3,525,000)
Net cash available from / (used in) financing activities	9,095,424	(8,331,820)
Net change in cash and cash equivalents	1,279,082	(1,066,395)
Cash and cash equivalents, January 1	6,097,773	7,164,168
Cash and cash equivalents, December 31	7,376,855	6,097,773
Non-monetary items		
Increase capital through capitalization issuance premium	-	2,470,000

The accompanying notes are an integral part of these consolidated financial statements

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

1. ORGANIZATION AND ACTIVITIES

Injaz for Development and Projects is a Jordanian public shareholding Company ("the Company"), registered on January 1, 1976 under Commercial registration number (104). The Company's share capital is JD 25,000,000 divided into 25,000,000 shares, the par value is one JD per share.

On April 23, 2015 the general assembly decided in its extraordinary meeting to increase its declared capital from 25,000,000 shares/JD to 35,250,000 shares/JD by offering 10,250,000 shares each for 1 JD or 90% from closing price on the date of the agreement of Jordan Securities Commission which is higher. In which the closing price of the shares on the date of the agreement of Jordan Securities Commission (1.27) JD for the share to the shareholder Eng. Ziad Khalaf Manaseer the processes of capital increase have been completed at the Ministry of Industry, Trade and Supply on May 18, 2016, and the processes of shares of capital increase registration in Jordan Securities Commission on May 30, 2016 in reference to Jordan Securities Commission NO (138/2016), and the declared and paid capital has become 35,250,000 shares/JD.

On April 25, 2017, the General Assembly of the Company decided at its extraordinary meeting to increase the capital from 35,250,000 shares / dinars to 37,720,000 shares / dinars by capitalizing the issue premium of 2,470,000 shares / dinars. The Securities Authority approved on May 22, 2017, Securities Commission No. 143/2017.

The Company's principal activity is purchase and develop lands and real-estate trading it as well as investing in shares and bonds.

The Company's headquarter is in Amman.

The consolidated financial statements as at December 31, 2018 include the financial statements of the following subsidiaries:

<u>Name of subsidiary</u>	<u>Place of registration</u>	<u>Registration year</u>	<u>Vote and equity percentage</u>	<u>The main activity</u>
<i>Arab Tower Contracting Company (Ltd)</i>	Hashemite Kingdom of Jordan	2007	68.75%	<i>Civil construction and related activities</i>

2- NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE:-

The following new standards and amendments to the standards have been issued but are not yet effective and the Company intends to adopt these standards, where applicable, when they become effective.

New Standards

Effective Date

(IFRS) No.16 – Leases

January 1, 2019

**INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of the consolidated financial statements in accordance with International Accounting Standard.

Basis of preparation

The consolidated financial statements are presented in Jordanian Dinar (JD) as this is the currency in which the majority of the Company's transactions are recorded.

The consolidated financial statements have been prepared on historical cost principle, However financial assets and financial liabilities are stated at fair value. The following is a summary of significant accounting policies applied by the Company:

Basis of Consolidation Financial Statements

The Consolidated Financial Statements incorporate the financial statements of injaz for development and projects Company (Public Shareholding Company) and the subsidiaries controlled by the Company.

Control is achieved where the Company:

- Ability to exert power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- Ability to exert power over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above.

When the Company has less than a majority of the voting, The Company shall have control over the investee when the voting rights sufficient to give it the ability to direct relevant activities of the investee individually.

When The Company reassesses whether or not it controls an investee, it consider all the relevant facts and circumstances which includes:

- Size of the holding relative to the size and dispersion of other vote holders
- Potential voting rights, others vote-holders, and Other parties
- Other contractual rights
- Any additional facts and circumstances may indicate that the company has, or does not have, the current ability to direct the activities related to the time needed to make decisions, including how to vote at previous shareholders' meetings.

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

The consolidation process begins when the company's achieve control on the investee enterprise (subsidiary), while that process stops when the company's loses control of the investee (subsidiary). In particular Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement, and the consolidated comprehensive income statement from the effective date of acquisition and up to the effective date of which it loses control of a subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Croup's accounting policies.

All intergroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Equity instruments at FVTOCI

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the cumulative changes in fair value of securities reserve: The cumulative changes or loss will not be reclassified investments. But reclassified to retained earnings. The Company has designated all instruments that are not held for trading as at FVTOCI

Dividends on these investments in equity instruments are recognized in profit or loss when the Company right to receive the dividends is established, unless the dividends clearly represent a recovery of a part of the cost of the investments. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Debt instruments at amortized cost or at FVTOCI

The Company assesses the classification and measurement of the cash flow characteristics of the contractual asset and the Company's business model for managing the asset

For an asset to classified and measured at amortized cost or at FVTOCI, is contractual terms should give rise to cash flows that are solely represent payments of principal and interest on the principal outstanding (SPPI)

At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

When a debt instrument measured a FVTOCI is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured FVTOCI, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity

Debt instruments that are subsequently measured at amortized cost or FVTOCI are subject to impairment.

INJAZ FOR DEVELOPMENT AND PROJECTS
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

Reclassifications

If the business model under which the Company holds financial assets changes. The financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. During the current financial year and previous accounting period, there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made

Impairment

IFRS 9 replaces the "incurred loss" model in IAS 39 with an expected credit loss model (ECLs). The Company recognizes loss allowance for expected credit losses on the following financial instruments that are not measured at FVTPL

- Cash and bank balances;
- Trade and other receivables;
- Due from related party.

With the exception of purchased or originated credit impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12 Month ECL, i.e. lifetime ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as stage1); or
- Full lifetime ECL, i.e. Lifetime ECL that results from all possible default events over the life of the financial instruments, (referred to as stage2 and stage3).

A loss allowance for full lifetime ECLs is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company has selected to measure loss allowances of cash and bank balances, Trade and other receivables, and due from a related party at an amount equal to life time ECLs.

ECLs are probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flow to the Company under the contract and the cash flows that the Company expects to receive arising from weighting of multiple future economic scenarios. Discounted at the asset's EIR.

Loss allowance for financial investments measured at amortized costs are deducted from gross carrying amount of assets. For debt securities at FVTOCI, the loss allowance is recognized in the OCI, instead of reducing the carrying amount of the asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative including forward-looking information.

INJAZ FOR DEVELOPMENT AND PROJECTS
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
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For certain categories of financial assets, assets that are assessed not to be impaired individually are. In addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

Impairment losses related to cash and bank balances, trade and other receivables and due from a related party, are presented separately in the statement of income and other comprehensive income

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of the grade of the investment

Measurement of ECL

The Company employs statistical models for ECL calculations. ECLs are a probability-weighted estimate of credit losses. For measuring ECL under IFRS 9, the key input would be the term structure of the following variables.

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

These parameters will be derived from our internally developed statistical models and other historical data. They will be adjusted to reflect forward – looking information.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. Credit-impaired financial assets are referred to stage 3 assets. At each reporting date, the Company assesses whether financial assets carried at amortized costs and debt securities at FVTOCI at credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact in the estimated future cash flows of the financial asset have occurred.

DE-recognition of financial assets

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity .If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. if the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On DE recognition of a financial asset measured at amortized cost or measured at FVTPL, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss

On DE recognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the cumulative changes in fair value of securities reserve is not reclassified to profit or loss, but Is reclassified to retained earnings.

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

Presentation of allowance for ECL are presented in the financial information

Loss allowances for ECL are presented in the financial information as follows:

For financial assets measured at amortized cost (loans and advances, cash and bank balances): as a deduction from the gross carrying amount of the assets

For debt instruments measured at FVTOCI no loss allowance is recognized in the consolidated statement of financial position as the carrying amount is at fair value. However, the less allowance is included as part of the revaluation amount in re-evaluation reserve and recognized in other comprehensive income.

Revenue recognition

IFRS 15 "Revenue from contracts with customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several standards and Interpretation within IFRSs. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step 1: identify the contract with customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: performance obligation in a contract is a promise to transfer a good or service to the customer

Step 3: Determine the transaction price Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the goods and services to a customer excluding amount collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenues as and when the entity satisfies the performance obligation

The Company recognizes revenue over time if any one of the following criteria is met:

The customer simultaneously receives and consumes the benefits provided by the Company performance as The Company performs.

The Company performance creates or enhances an asset that the customer controls as the asset is created or enhanced or

The Company performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance obligation completed to date.

The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires the revenue recognition on the basis of the Company efforts or inputs to the satisfaction of the performance obligations. The Company estimates the total costs to complete the projects in order to determine amount of revenue to be recognized.

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

Revenue recognition (continued)

When the Company satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from the customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognized in the consolidated financial statements to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if and when applicable, can be measured reliably.

Critical accounting judgments and key sources of estimation uncertainty

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

In preparing these consolidated financial statements, the significant judgments made by management in applying the Company accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial consolidated statements for the year ended 31 December 2017, except for the adoption of IFRS 9 which has resulted in changes in accounting judgments for recognition of financial assets and liabilities and impairment of financial assets, as set out below.

Critical judgments in applying the Company's accounting policies in respect of IFRS 9

Business model assessment: Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how the Company's financial assets were managed together to achieve a particular business objective. This assessment includes judgments reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase of credit risk

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

Establishing a groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments of the Company are collected on the basis of shared risk characteristics (e.g., instrument type, credit risk grade, collateral type, date of initial recognition, remaining term to maturity, industry, geographic location of the borrower, etc.). The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that Company of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of the ECLs changes because the credit risk of the portfolios differ.

Models and assumptions used

The Company uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Key sources of estimation uncertainty in respect of IFRS 9

The following are key estimations that the management has used in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in consolidated financial statements

Establishing the number and relative weightings of forward-looking scenarios for each type of product /market determining the forward looking information relevant to each scenario: When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of Default

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss Given to Default

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less and which are not exposed to a significant risk of value change.

Accounts payable and accruals

Accounts payable are recognized against the value of obligation for services or goods received, whether billed or not billed by the supplier.

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

Expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of revenues as required under generally accepted accounting principles

Goodwill

International Accounting Standards Board issued International Financial Reporting Standard No.3 (Integration).

The recorded increase purchase cost over the fair value of invested as goodwill. When the recoverable amount of this goodwill less that the net book value, goodwill is reduced to the recoverable amount and the value of the declining are recorded in the consolidated income statement.

Resulting Goodwill on acquisition of subsidiary or joint control of an entity represents the purchase cost for the company's share in the net fair value of the assets, liabilities and contingent liabilities of the subsidiary identified and recognized as at the date of purchasing. First, goodwill recorded as an asset on the basis of cost, then measured later on the basis of cost less accumulated decline in value.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials, production and conversion costs, and other costs necessary to bring the inventory to the Group's location and condition. In the case of manufactured inventory and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Cost is calculated using the weighted average method, Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

When the net realizable value of the inventories is lower than the cost, they provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss.

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures on maintenance and repairs are expensed. While expenditures for betterment are capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	<u>Annual depreciation rate</u>
Buildings	2%
Finished Buildings	20%
Vehicles	10%
Machines and equipment	10-20%
Surveying equipment	10-20%
Stud system	20%
Electrical supplies	10-20%
Tools	10-20%
Woods	40%
Office Supplies	10%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and amortization period appropriate with the expected economic benefits of property and equipment.

Impairment test is performed to the value of the property and equipment that appears in the consolidated Statement of Financial Position When any events or changes in circumstances shows that this value is non-recoverable.

In case of any indication to the low value, impairment losses are calculated according to the policy of the low value of the assets

At the exclusion of any subsequent property and equipment recognize the value of gains or losses resulting. Which represents the difference between the net proceeds of exclusion and the value of the property and equipment that appears in the consolidated Statement of Financial Position. Gross Profit and loss.

Provisions

The provisions had been formed, when the company has a present obligation (legal or expected) from past events which its cost of repayment consider accepted and it has ability to estimate it reliably.

The provision had been measured according to the best expectations of the required alternative to meet the obligation as of the balance sheet date after considering the risks and not assured matters about the obligation. When the provision had been measured with the estimated cash flows to pay the present obligation, then the accounts receivable had been recognized as asset in case of receipt and replacement of the amount is certain and it able to measure the amount reliably.

Segment reporting

A business segment is a group of assets and operation engaged in providing products or services that are subject to risks and returns that are different from those of other business segments, and segment is engaged in providing products or services within a particular economic environment

and Company include significant business sectors in the purchase, develop and trade of lands and real estate in addition to investing in securities and bonds, the company operates only in the Hashemite Kingdom of Jordan.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the statement of financial position only when there are legal rights to offset the recognized amounts, the Company intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

**INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)**

Income Tax

The Company is subject to Income Tax Law, its subsequent amendments and the regulations issued by the Income Tax Department in the Hashemite Kingdom of Jordan and provided on accrual basis, Income Tax is computed based on adjusted net income, According to International Accounting Standard No. (12), the Company may have deferred taxable assets resulting from the differences between the accounting value and tax value of the assets and liabilities related to the provisions, these assets are not shown in the periodic financial statements since it's immaterial.

Foreign currency transactions

Foreign currency transactions translated into Jordanian Dinars at the rates of exchange prevailing at the time of the transactions. The operation occurs during the year are translated at weighted average rates at time of transaction. Gains and Losses from settlement and transaction of foreign currency transaction are included in the statement of comprehensive income.

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

4. PROPERTY AND EQUIPMENT

	January 1	Additions	Disposals	December 31
Cost:				
Lands	5,842,235	218,005	-	6,060,240
Buildings	4,190,660	4,018,661	-	8,209,321
Finished Buildings	812,559	-	-	812,559
Vehicles	5,387,016	13,000	(291,690)	5,108,326
Machinery and equipment	22,396,915	219,250	(1,016,769)	21,599,396
Surveying Equipment	195,139	-	-	195,139
Stud system	5,499,030	23,221	-	5,522,251
Electrical Supplies	858,792	14,732	-	873,524
Tools	2,044,839	676,197	-	2,721,036
Woods	3,133,247	250,834	-	3,384,081
Office Supplies	296,506	775	-	297,281
Total cost	50,656,938	5,434,675	(1,308,459)	54,783,154
Depreciation:				
Buildings	634,534	168,219	-	802,753
Finished Buildings	622,240	64,033	-	686,273
Vehicles	2,381,795	473,456	(177,948)	2,677,303
Machinery and equipment	13,812,638	1,929,758	(954,934)	14,787,462
Surveying Equipment	141,761	21,993	-	163,754
Stud system	4,809,812	397,947	-	5,207,759
Electrical Supplies	455,619	108,970	-	564,589
Tools	1,107,799	368,507	-	1,476,306
Woods	2,543,742	437,040	-	2,980,782
Office Supplies	158,726	20,400	-	179,126
Total depreciation	26,668,666	3,990,323	(1,132,882)	29,526,107
Net book value January 1	<u>23,988,272</u>			
Net book value December 31				<u>25,257,047</u>

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

5. PROJECTS RETENTIONS

	2018	2017
Total project retentions	12,932,105	15,542,979
Less: Short-term projects retentions	6,653,237	8,663,752
Long-term projects retentions	6,278,868	6,879,227

6. CASH AND CASH EQUIVALENTS

	2018	2017
Cash on hand	2,751	20,472
Cash at banks	7,374,104	6,077,301
	7,376,855	6,097,773

7. ACCOUNTS RECEIVABLE AND CHECKS UNDER COLLECTION

	2018	2017
Account receivables *	3,850,356	5,828,063
Checks under collection	9,083,667	-
Due from related parties (Note – 14)	47,660,101	37,199,784
	60,594,124	43,027,847

* Account receivables are less than three months.

8. PREPAID EXPENSES AND OTHER RECEIVABLES

	2018	2017
Prepaid expenses	29,372	47,342
Purchases advance payment	-	1,134,581
Letter of credit	1,489,492	1,270,042
Refundable deposits	7,107,887	2,095,541
Due from Employee	26,002	24,383
Others	8,625	37,039
	8,661,378	4,608,928

9. ACCOUNTS PAYABLE AND DEFERRED CHECKS

	2018	2017
Accounts payable	32,118,639	21,960,491
Deferred checks	11,992,456	16,332,817
Due to related parties (Note-14)	26,345,835	20,596,422
	70,456,930	58,889,730

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

10. SHORT-TERM LOANS

	2017	2016
Arab Bank	12,698,206	16,859,543
Egyptian Arab Land Bank	2,430,199	-
Bank al Etihad	-	906,356
Jordan Kuwait Bank	9,560,119	7,572,095
Jordan Ahli Bank	15,597,473	4,160,054
	<u>40,285,997</u>	<u>29,498,048</u>

Arab Bank

The company obtained loans from Arab Bank with ceiling of 17,169,000 JD, interest rate 5.25% without commission and by guaranteeing waiver of project receivables .

And the company obtained loans from Arab Bank with ceiling of 37,000,000 JD, interest rate 8.75% without commission and by guaranteeing waiver of project receivables

Egyptian Arab Land Bank

The company obtained loans from the Egyptian Arab Land Bank with a ceiling of 5,000,000 Jordanian Dinars at a rate of 9% interest and without commission and a guarantee of waiver of project receivables .

Bank al Etihad

The company obtained loans from Bank al Etihad with ceiling of 5,500,000 JD, interest rate 9% without commission and by guaranteeing waiver of project receivables .

Jordan Kuwait Bank

The company obtained loans from Jordan Kuwait Bank with ceiling of 33,200,000 JD, interest rate 8% without commission and by guaranteeing waiver of project receivables .

Jordan Ahli Bank

The company obtained loans from Jordan Ahli Bank with ceiling of 34,000,000 JD, interest rate 9.25% without commission and by guaranteeing waiver of project receivables .

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

11. BANK OVERDRAFT

	<u>2018</u>	<u>2017</u>
Arab Bank	12,160,281	9,053,624
Bank of Jordan	511,086	879,367
Bank al Etihad	895,294	1,114,872
Jordan Ahli Bank	1,606,375	422,978
Jordan Kuwait Bank	950,029	2,908,453
Housing Bank	193,514	1,424,257
	<u>16,316,579</u>	<u>15,803,551</u>

Arab Bank

The company obtained facilities from Arab Bank with ceiling of 9,000,000 JD, interest rate 8,875% without commission by shareholder guarantee .

Bank of Jordan

The company obtained facilities from Bank of Jordan with ceiling of 1,000,000 JD, interest rate 9,5% without commission by shareholder guarantee .

Bank al Etihad

The company obtained facilities from Bank al Etihad with ceiling of 1,000,000 JD, interest rate 9.5% without commission by shareholder guarantee .

Jordan Ahli Bank

The company obtained facilities from Jordan Ahli Bank with ceiling of 1,000,000 JD, interest rate 9,25% without commission by shareholder guarantee .

Jordan Kuwait Bank

The company obtained facilities from Jordan Kuwait Bank with ceiling of 1,000,000 JD, interest rate 8% without commission by shareholder guarantee .

Housing Bank

The company obtained facilities from Housing Bank with ceiling of 500,000 JD, interest rate 9,5% without commission by shareholder guarantee .

**INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)**

12. ACCRUED EXPENSES AND OTHER LIABILITIES

	2018	2017
Accrued expenses	75,602	103,548
Accrued Salaries	3,352,208	4,487,407
Due to income and Sales tax	140,908	51,116
Income tax provision*	304,088	774,849
Due to Social securiy	481,424	954,902
Others	252,773	92,058
	<u>4,607,003</u>	<u>6,463,880</u>

* the details of income tax provision as on December 31, are as follows :-

	2018	2017
Beginning balance	774,849	867,170
Paid during the year	(914,849)	(1,022,170)
Provision for the year	444,088	929,849
	<u>304,088</u>	<u>774,849</u>

The company ended its tax status with the Income and Sales Tax Department until 2017.

Arab Towers Contracting Company (a subsidiary) ended its tax status with the Income and Sales Tax Department until 2016 and for the year 2017 the self-assessment of the department was submitted. The company's accounting records were not reviewed until the date of the company's financial statements

13. GOODWILL

On January 1, 2012 the company purchased 25% of Arab Tower Contracting Company (Ltd) share capital based on equity method and the cost of aquire amounted of 13,500,000 Jordanian Dinar.

During 2014 the Company increased its share capital in Arab Tower Contracting Company (Ltd) by 23,75% turn out to be the total percentage of shares capital 48,75% and the cost of aquire the additional an amount of 11,500,000 Jordanian Dinar

During 2016 the Company increased its share capital in Arab Tower Contracting Company (Ltd) by 20% turn out to be the total percentage of shares capital 68,75% and the cost of aquire the additional an amount of 10,250,000 Jordanian Dinar. And as a result of that the financial statements were consolidated with Arab Tower Contracting Company (Ltd) .

The total cost of acquisition as follows :-

The cost of acquiring 25% of shares	13,500,000
The cost of acquiring 23,75% of shares	11,500,000
The cost of acquiring 20% of shares	10,250,000
Total	<u>35,250,000</u>
Add: Legal title transfer fees	211,705
The total cost of acquiring 68,75% of shares	<u>35,461,705</u>
Legal title transfer fees Amortization	(211,705)
Net acquisition cost	<u>35,250,000</u>

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

The fair value of Assets and liabilities of Arab Tower Contracting Company (Subsidiary) as follows :-

Assets	Fair value	Book value at acquisition
Property and equipment	18,101,977	18,101,977
Inventories	5,958,223	5,958,223
Accounts receivable and checks under collection projects retentions	50,377,233	50,377,233
Amount due from customers on construction contract	8,347,160	8,347,160
Financial assets designated at fair value through other comprehensive income	43,552,646	43,552,646
Prepaid expenses and other receivables	340,535	340,535
Cash and cash equivalents	6,767,905	6,767,905
Total assets	9,205,895	9,205,895
	142,651,574	142,651,574
Liabilities		
Short-term loans	21,591,850	21,591,850
Banks overdraft	9,809,450	9,809,450
Payment received in advance from construction contract	28,100,587	28,100,587
Accounts payable and deferred checks	68,824,944	66,563,489
Accrued expenses and other liabilities	3,064,921	3,064,921
Total liabilities	131,391,752	129,130,297
Net owned assets	11,259,822	13,521,277
Company share of Net owned assets after declaration (68,75%)	7,741,128	
Cash paid (Investment cost until acquisition date)	35,250,000	
Goodwill as a result of acquisition	27,508,872	
Annual test for impairment:		

During the financial year parent company has assessed the recoverable amount of the goodwill, and has been identified that there is no impairment in the value of the goodwill associated with the subsidiary, which is working with construction contracting.

The recoverable amount of cash generating unit (construction contracting) measured on the basis of value in use. Were calculating using the expected cash flows through the budgets and approved by the directors of the company which covers the next five years on the basis of a discount rate of 11% nearly annually (2017:14%nearllyannually).

**INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)**

14. RELATED PARTIES TRANSACTIONS

Transactions with related parties consist of transactions with companies that are jointly controlled by the Chairman of the Board of Directors and transactions with the Chairman of the Board of Directors and its associates. The policies and conditions relating to the transactions with related parties are approved by the Company's management. Transactions with related parties A relationship other than the owner company or the chairman of the board of directors are transactions of a commercial nature. Transactions with the owner company or the chairman of the board of directors of the owning company are of a financing nature

The significant transactions with all related companies and related amounts as of December 31, are as follows:

	2018	2017
Project Revenues	40,281,051	59,439,204
Project purchases	13,180,695	25,676,856

*Revenues and purchases from related parties are as follows:

	2018	2017
Revenues	%31	%26
Purchases	%12	%15

During the year , the company entered into transaction with the following related parties :

NAME	RELATIONSHIP
Manaseer Group for Industrial and Commercial Investments	Holding Company
Eng. Hisham EL Wadi	Partner of Subsidiary company
Jordan Modern for Information Technology Co.	Sister
Developed Crushes Co.	Sister
Jordan Modern for Oil and Fuel Services Co.	Sister
Manaseer Industrial Complex Co.	Sister
Al Addeiat Al Sareeah for machinery trading Co.	Sister
Architectural Lines for Housing (Ltd)	Sister
Manaseer for Trade Services	Sister
Jordan Modern for Import and Export	Sister
Jordan Modern Ready Mix Concrete	Sister
AL-Bunyan For Cement And Concrete Products Manufacturing	Sister
Advanced Transportation and Shipping Services	Sister
Trust Industrial Concrete Co.	Sister
United Iron And Steel Manufacturing Co.	Sister
Vision For Maintenance and Spare Parts Co.	Sister
Jordan Magnesia Co.	Sister
Jordan Modern Company for Goods Clearance	Sister
Jordan Modern International Trade Co.	Sister
Excavation of Metals and Manufacturing Marbles in all its Shape and Forms Co.	Sister
Jordan Modern for Trade Material Supply Co.	Sister

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

Due from related parties as at December 31 as follows:-

	2018	2017
Jordan magnesia Co.	307,728	-
Jordan Modern for Information Technology Co.	61,710	262,690
Developed Crushes Co.	1,098,908	877,492
Excavation of Metals and Manufacturing Marbles in all its Shape and Forms	6,761	-
Manaseer Industrial Complex Co.	8,455,941	12,117,004
Al Addeiat Al Sareeah for machinery trading Co.	8,784,760	1,729,755
Architectural Lines for Housing (Ltd)	9,448,806	5,489,348
Jordan Modern for Trade Material Supply Co.	175,426	-
Manaseer for Trade Services	18,970,886	16,674,817
Jordan Modern for Import and Export	-	4,004
AL-Bunyan For Cement And Concrete Products Manufacturing	349,175	44,674
	47,660,101	37,199,784

Due to related parties as at December 31 as follows:-

	2018	2017
Eng. Hisham EL Wadi	6,539,053	5,723,321
Jordan Modern Ready Mix Concrete	10,697,928	7,590,186
AL-Bunyan For Cement And Concrete Products Manufacturing	298,960	-
Advanced Transportation and Shipping Services	2,323,895	2,956,052
Trust Industrial Concrete	334,664	108,525
Vision For Maintenance and Spare Parts	1,231	1,854
Manaseer Group for Industrial and commercial Investment	1,878,581	832,748
United Iron and Steel Manufacturing Co	1,552,094	803,251
Jordan Modern for Oil and Fuel Services Co.	2,666,225	2,467,705
Jordan Modern Company for Goods Clearance	-	112,780
Jordan Modern International Trade Co.	53,204	-
	26,345,835	20,596,422

15. RESERVS

Statutory reserve

In accordance with the Companies' Law in the Hashemite Kingdome of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 25% of the capital. However, the Company may, with the approval of the General Assembly continue deducting this annual ratio until this reserve is equal to the subscribed capital of the Company in full. This reserve is not available for dividends distribution.

Special reserve

In accordance with the Companies' Law in the Hashemite Kingdome of Jordan and the Company's Article of Association, the Company can establish a special reserve by an appropriation no more than 20% of net income. This reserve is for the expansion of the Company's financial position and is available for dividend distribution till the approval of the Company's Board of Directors.

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

16- DISTRIBUTABLE PROFITS

Under the instructions of the Securities Commission, the distributable profits are as follows

	2018	2017
Retained earnings	6,319,203	7,014,446
Downwards: Unrealized profits	-	-
Profits earned	6,319,203	7,014,446
Decreased: Negative fair value reserve	-	-
Distributable profit	<u>6,319,203</u>	<u>7,014,446</u>

17 . COST OF REVENUES

	2018	2017
Cost of construction projects revenue	121,793,438	216,301,624
Depreciation for the property and equipment	3,990,323	4,049,034
	<u>125,783,761</u>	<u>220,350,658</u>

18. GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
Salaries ,wages and other benefits	1,920,294	2,005,932
Government fees and subscriptions	53,902	50,162
Vehicles expenses	47,203	46,260
Electricity ,water, telephone and internet	53,472	59,015
Stationary and printing	20,069	43,427
Travel and accommodation	18,803	86,968
Professional fees and consultancies	44,208	43,684
Rent	121,726	85,739
Transportation and donations	22,475	25,760
Bids expenses	11,900	8,275
Maintenance	9,910	12,447
Insurance	51,158	30,563
Cleaning	3,605	2,738
Increasing share capital fees	-	12,461
Other expenses	114,595	74,315
	<u>2,493,320</u>	<u>2,587,746</u>

**INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)**

19. THE LEGAL STATUS OF THE COMPANY

Summary of cases filed against the Company and its subsidiary :

The value of cases filed by third parties against the Company and its subsidiary (Arab Towers Contracting Company) amounted to JD 1,441,141.

Summary of Cases Submitted by the Subsidiary to Others:

The value of the cases filed by the subsidiary (Arab Towers Contracting Co.) amounted to 40,000JD.

20. FINANCIAL INSTRUMENTS

The Fair Value

The fair value of financial assets and financial liabilities include financial assets; cash and cash equivalents, checks under collection, receivables, securities, and include financial liabilities; accounts payable, credit facilities, loans, credits and other financial liabilities.

First level: The market prices stated in active markets for the same financial instruments.

Second Level: Assessment methods depend on the input affect the fair value and can be observed directly or indirectly in the market.

Third Level: Valuation techniques based on inputs affect the fair value cannot be observed directly or indirectly in the market.

December 31, 2018	level one	Second Level	Third level	Total
Financial assets designated at fair value through statement of other comprehensive income	190,005	-	-	190,005
	190,005	-	-	190,005

December 31, 2017	level one	Second Level	Third level	Total
Financial assets designated at fair value through statement of other comprehensive income	234,221	-	-	234,221
	234,221	-	-	234,221

The value set out in the third level reflect the cost of buying these assets rather than its fair value due to the lack of an active market for them, this is the opinion of Directors that the purchase cost is the most convenient way to measure the fair value of these assets and that there was no impairment.

Management of share capital risks

The Company manages its capital to make sure that the Company will continue when it takes the highest return by the best limit for debts and owners equity balances. The Company's strategy doesn't change from 2017.

Structuring of Company's capital includes debt which includes borrowing, and the owners' equity in the Company which includes share capital, statutory reserve, partners' current account and accumulated losses as it listed in the changes in owners' equity statement.

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

The debt rate

The board of directors is reviewing the share capital structure periodically, as a part of this reviewing, the board of directors consider the cost of share capital and the risks that is related in each faction from capital and debt factions. The Company capital structure includes debts from borrowing. The Company's doesn't determine the highest limit of the debt rate during 2019.

The management of the financial risks

The Company's activities might be exposing mainly to the followed financial risks:

Management of the foreign currencies risks

The company is not exposed to significant risks related to foreign currency price changes, so there is no need to effective management for this exposure.

Interest rate risk

The Company is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, interest bearing loans and borrowings).

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the Company's profit for one year, and it is calculated based on the financial liabilities which carry variable interest rates at the end of the year.

The following table demonstrates the sensitivity of the consolidated statement of comprehensive income to reasonably possible changes in interest rates as at 31 December, with all other variables held constant:

Currency	Interest rate increase (Percentage points)	The impact on profit for the year	
		2018	2017
JD	25	- 142,253	-113,254
Currency	Interest rate decrease (Percentage points)	The impact on profit for the year	
		2018	2017
JD	25	+ 142,253	+113,254

Other price risk

The Company exposes to price risks resulting from its investments in owners' equity to other companies. The Company keeps investments in other company's owner's equity for strategic purposes and not for trading purposes.

The Company has no trading activity in those investments.

Credit risk management

The credit risks represent in one part of the financial instruments contracts has not obligated to pay the contractual obligations and cause of that the Company is exposing financial losses, However, there are no any contracts with any other parts so the Company doesn't expose to different types of the credit risks, The significant credit exposed for any parts or group of parts that have a similar specification have been disclosed in note No.14. The Company classified the parts which have similar specifications as a related parties. Except the amounts which are related in the cash money. The credits risks that are resulting from the cash money are specific because the parts that are dealing with it are local banks have good reputations and have been controlled from control parties.

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN JORDANIAN DINAR)

Management of liquidity risks

Board of directors is responsible for management of liquidity risks to manage the cash requirements, short, medium and long term liquidity. The Company managed the liquidity risks through controlling the future cash flow that evaluated permanently and correspond the due dates of assets and liabilities.

The following table represents the contractual eligibilities to non-derivative financial liabilities.

The table has prepared on the non-deducted cash flows to the financial liabilities basis according to the early due dates that may require from the Company to pay or receive.

The table below contains cash flows for major amounts and interests.

2018	<u>Year or less</u>	<u>More than one year</u>	<u>Total</u>
Tools without interest	87,959,245	-	87,959,245
Tools with interest	56,901,274	-	56,901,274
Total	144,860,519	-	144,860,519

2017			
Tools without interest	80,106,442	-	80,106,442
Tools with interest	45,731,249	-	45,731,249
Total	125,837,691	-	125,837,691

Liquidity risk

Are the risks of inability to pay the financial obligations that were settled by receiving cash or another financial assets.

Liquidity risk management by control on cash flows and comparing them with maturities of assets and financial liabilities.

21. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Directors and authorized for issuance on March 18, 2019.