

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

**CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT CERTIFIED PUBLIC  
ACCOUNTANT'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED  
PUBLIC ACCOUNTANT'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(EXPRESSED IN JORDANIAN DINAR)**

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## **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, 2019, 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, 2019, 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.

#### **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.

<p><b>Key auditing matters</b></p> <p><b>Goodwill</b> According to International Financial Reporting Standards, the Company's must assess the goodwill and test the impairment, the goodwill, as of December 31, 2019 was 27,508,872JD.</p> <p>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.</p>	<p><b>The following is a description of our auditing procedures</b></p> <p><b>Goodwill</b> 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.</p>
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**Other Matter**

The financial statement for subsidiary (Arab Tower Contracting Company (Ltd)) for year ended December 31, 2019 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 March 5, 2020.

**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 records and accounting records duly organized, and the consolidated financial statements are in agreement with it and we recommend the company's general assembly for approval.

Modern Accountants

Walid M Taha  
License No.(703)

**Modern Accountants**



A member of  
**Nexia**  
International

المحاسبون العصريون

Amman-Jordan  
June 8, 2020

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2019**  
(EXPRESSED IN JORDANIAN DINAR)

	Note	2019	2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	13	27,508,872	27,508,872
Property and equipment	4	22,826,206	25,257,047
Long-term projects retentions	5	6,156,473	6,278,868
Financial assets designated at fair value through other comprehensive income		176,860	190,005
<b>Total non-current assets</b>		<b>56,668,411</b>	<b>59,234,792</b>
<b>Current assets</b>			
Prepaid expenses and other receivables	8	4,061,231	8,661,378
Inventories		8,868,522	9,702,560
Projects under construction		8,356,978	5,092,755
Amount due from customers on construction contract		50,971,371	40,074,398
Accounts receivable and checks under collection	7	20,698,387	60,594,124
Short-term projects retentions	5	4,251,113	6,653,237
Cash and cash equivalents	6	11,541,721	7,376,855
<b>Total current assets</b>		<b>108,749,323</b>	<b>138,155,307</b>
<b>TOTAL ASSETS</b>		<b>165,417,734</b>	<b>197,390,099</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Owners' equity</b>			
Share capital	1	37,720,000	37,720,000
Statutory reserve	15	1,621,876	1,621,876
Special reserve	15	21,906	21,906
Fair value reserve		(163,675)	(150,530)
Retained earnings	16	6,306,389	6,319,203
<b>Equity attributable to equity holders of the parent company</b>		<b>45,506,496</b>	<b>45,532,455</b>
Non- controlling interest		4,625,461	6,997,125
<b>Total owners' equity</b>		<b>50,131,957</b>	<b>52,529,580</b>
<b>Non Current liabilities</b>			
long term loans		25,611,620	-
<b>Total non-current liabilities</b>		<b>25,611,620</b>	<b>-</b>
<b>Current liabilities</b>			
Accrued expenses and other liabilities	12	3,121,512	4,607,003
Payments received in advance from construction contract		11,648,382	12,895,312
Accounts payable and deferred checks and notes payable	9	37,443,299	70,755,628
Short-term loans	10	22,156,810	40,285,997
Banks overdraft	11	15,304,154	16,316,579
<b>Total current liabilities</b>		<b>89,674,157</b>	<b>144,860,519</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>165,417,734</b>	<b>197,390,099</b>

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	2019	2018
Revenues		74,556,941	131,548,257
Cost of revenues	17	(70,696,251)	(125,783,761)
<b>Gross profit</b>		<b>3,860,690</b>	<b>5,764,496</b>
General and administrative expenses	18	(2,213,341)	(2,493,320)
Financial charges		(1,733,409)	(1,308,808)
Other revenues and expenses		171,649	753,471
<b>Income before income tax</b>		<b>85,589</b>	<b>2,715,839</b>
Income tax	12	(62,106)	(444,088)
<b>INCOME FOR THE YEAR</b>		<b>23,483</b>	<b>2,271,751</b>
<b>Attributable to:</b>			
Equity holders of the parent company		(12,814)	1,532,620
Non-controlling interests		36,297	739,131
		<b>23,483</b>	<b>2,271,751</b>
<b>(Loss) / earnings per share</b>			
<b>(Loss) / earnings per share - JD/ share</b>		<b>(0,0003)</b>	<b>0,04</b>
<b>Outstanding weighted average share</b>		<b>37,720,000</b>	<b>37,720,000</b>

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, 2019**  
(EXPRESSED IN JORDANIAN DINAR)

	<u>2019</u>	<u>2018</u>
<b>Income for the year</b>	<b>23,483</b>	<b>2,271,751</b>
Other comprehensive income items:	-	-
<b>Total other comprehensive income to bereclassified to retained earningsin</b>	<b>23,483</b>	<b>2,271,751</b>
Change in fair value reserve	<b>(13,145)</b>	<b>(44,216)</b>
<b>Total other comprehensive incomefor the year</b>	<b>10,338</b>	<b>2,227,535</b>
<b>Attributable to:</b>		
Equity holders of the parent	<b>(25,959)</b>	<b>1,488,404</b>
Non-controlling interests	<b>36,297</b>	<b>739,131</b>
	<b>10,338</b>	<b>2,227,535</b>

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, 2019**  
(EXPRESSED IN JORDANIAN DINAR)

	Share capital	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 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
Dividend	-	-	-	-	-	-	(2,407,961)	(2,407,961)
Comprehensive income for the year	-	-	-	(13,145)	(12,814)	(25,959)	36,297	10,338
Balance at December 31, 2019	37,720,000	1,621,876	21,906	(163,675)	6,306,389	45,506,496	4,625,461	50,131,957

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, 2019**  
(EXPRESSED IN JORDANIAN DINAR)

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Income for the year	85,589	2,715,839
Adjustments on income for the year		
Depreciation	2,760,106	3,990,323
Gain on disposal of property, plant and equipment	(209,076)	(250,001)
Financial charges	1,733,409	1,308,808
Changes in operating assets and liabilities:		
Prepaid expenses and other receivables	4,600,147	(4,052,450)
Projects retentions	2,524,519	2,610,874
Accounts receivable and checks under collection	39,895,737	(17,566,277)
Amount due from customers on construction contract	(10,896,973)	(3,281)
Inventory	834,038	(566,197)
Projects under construction	(3,264,223)	2,905,210
Accrued expenses and other liabilities	(1,547,597)	(2,300,965)
Payment received in advance from construction contract	(1,246,930)	(1,857,520)
Accounts payable and deferred checks and Notes payable	(33,312,329)	11,436,248
<b>Cash available from / (used in) operating activities</b>	<b>1,956,417</b>	<b>(1,629,389)</b>
Financial charge paid	(1,733,409)	(1,308,808)
<b>Net cash available from / (used in) operating activities</b>	<b>223,008</b>	<b>(2,938,197)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase property and equipment	(722,991)	(5,434,675)
Proceeds from sale of property, plant and equipment	602,802	425,578
<b>Net cash used in investing activities</b>	<b>(120,189)</b>	<b>(5,009,097)</b>
<b>FINANCING ACTIVITIES</b>		
Banks overdraft	(1,012,425)	513,028
Short -term loans	7,482,433	10,787,949
Dividend	(2,407,961)	(2,074,601)
<b>Net cash available from financing activities</b>	<b>4,062,047</b>	<b>9,226,376</b>
<b>Net change in cash and cash equivalents</b>	<b>4,164,866</b>	<b>1,279,082</b>
Cash and cash equivalents, January 1	7,376,855	6,097,773
<b>Cash and cash equivalents, December 31</b>	<b>11,541,721</b>	<b>7,376,855</b>

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, 2019**  
(EXPRESSED IN JORDANIAN DINAR)

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**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 37,720,000 divided into 37,720,000 shares, the par value is one JD per share.

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.

**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**

**2.1 New and amended IFRS Standards that are effective for the current year.**

**- IFRS (16) "Leases"**

IFRS 16 was issued in December 2016, IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor.

There is no any impact of the adoption of IFRS 16 on the company's financial statements because all of the company's operations rent contracts leases are short-term leases.

**2.2 NEW AND AMENDED IFRSS IN ISSUE BUT NOT YET EFFECTIVE AND EARLY ADOPTED:-**

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

<u>New Standards</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 3 Business Combinations	January 1, 2020
Amendments to IAS 1 Presentation of Financial Statements	January 1, 2020
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2020
Amendments to IFRS 7 Financial Instruments : Disclosures	January 1, 2020
Amendments to IFRS 9 Financial Instruments	January 1, 2020
Amendments to IFRS 10 Financial Statements	Effective date deferred indefinitely
Amendments to IFRS 28 Investment in Associates and Joint Ventures	Effective date deferred indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statement of the Company in the period of initial application.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS(Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(EXPRESSED IN JORDANIAN DINAR)**

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**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, 2019**  
(EXPRESSED IN JORDANIAN DINAR)

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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.

The consolidated financial statements as at December31, 2019 is includes the financial statements of thefollowing subsidiaries:

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

**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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(EXPRESSED IN JORDANIAN DINAR)

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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.

**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 ECL 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 a 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**  
(PUBLIC SHAREHOLDING COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(EXPRESSED IN JORDANIAN DINAR)

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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.

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**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.

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**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.

**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.

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**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.

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**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.

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**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.

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**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.

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**4. PROPERTY AND EQUIPMENT**

	January 1	Additions	Disposals	December 31
<b>Cost:</b>				
Lands	6,060,240	-	-	6,060,240
Buildings	8,209,321	-	-	8,209,321
Finished Buildings	812,559	-	(19,878)	792,681
Vehicles	5,108,326	34,561	(618,600)	4,524,287
Machinery and equipment	21,599,396	383,895	(650,489)	21,332,802
Surveying Equipment	195,139	285	(15,146)	180,278
Stud system	5,522,251	-	(8,324)	5,513,927
Electrical Supplies	873,524	12,889	(11,340)	875,073
Tools	2,721,036	38,714	-	2,759,750
Woods	3,384,081	252,647	-	3,636,728
Office Supplies	297,281	-	(19,130)	278,151
<b>Total cost</b>	<b>54,783,154</b>	<b>722,991</b>	<b>(1,342,907)</b>	<b>54,163,238</b>
<b>Depreciation:</b>				
Buildings	802,753	240,632	-	1,043,385
Finished Buildings	686,273	46,147	(12,295)	720,125
Vehicles	2,677,303	314,492	(369,979)	2,621,816
Machinery and equipment	14,787,462	1,421,305	(537,337)	15,671,430
Surveying Equipment	163,754	17,212	(9,557)	171,409
Stud system	5,207,759	79,449	(4,774)	5,282,434
Electrical Supplies	564,589	73,843	(7,712)	630,720
Tools	1,476,306	294,028	-	1,770,334
Woods	2,980,782	257,960	-	3,238,742
Office Supplies	179,126	15,038	(7,527)	186,637
<b>Total depreciation</b>	<b>29,526,107</b>	<b>2,760,106</b>	<b>(949,181)</b>	<b>31,337,032</b>
Net book value January 1	<u>25,257,047</u>			
Net book value December 31				<u>22,826,206</u>

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**5. PROJECTS RETENTIONS**

	2019	2018
Total project retentions	10,407,586	12,932,105
Less: Short-term projects retentions	4,251,113	6,653,237
Long-term projects retentions	6,156,473	6,278,868

**6. CASH AND CASH EQUIVALENTS**

	2019	2018
Cash on hand	2,331	2,751
Cash at banks	11,539,390	7,374,104
	11,541,721	7,376,855

**7. ACCOUNTS RECEIVABLE AND CHECKS UNDER COLLECTION**

	2019	2018
Account receivables *	8,892,183	3,850,356
Checks under collection	11,806,204	9,083,667
Due from related parties (Note – 14)	-	47,660,101
	20,698,387	60,594,124

\* Account receivables are less than three months.

**8. PREPAID EXPENSES AND OTHER RECEIVABLES**

	2019	2018
Prepaid expenses	505	29,372
Letter of credit	171,632	1,489,492
Refundable deposits	3,885,315	7,107,887
Due from Employee	-	26,002
Others	3,779	8,625
	4,061,231	8,661,378

**9. ACCOUNTS PAYABLE AND DEFERRED CHECKS AND NOTES PAYPLES**

	2019	2018
Accounts payable	18,568,785	32,118,639
Deferred checks	11,883,720	11,992,456
Due to related parties (Note-14)	6,666,466	26,345,835
Notes payples	324,328	298,698
	37,443,299	70,755,628

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**10. SHORT-TERM LOANS**

	2018	2018
Arab Bank	14,893,391	12,698,206
Egyptian Arab Land Bank	2,666,370	2,430,199
Bank al Etihad	3,103,666	-
Jordan Kuwait Bank	2,868,275	9,560,119
Jordan Ahli Bank	23,556,134	15,597,473
Housing Bank	680,594	-
<b>Total loans</b>	<b>47,768,430</b>	<b>40,285,997</b>
Less: Current portion of long-term loans	22,156,810	40,285,997
Part of a long-term	25,611,620	-

**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 .

**Housing Bank**

The company obtained a loan from the Housing Bank in the amount of 500,000 Jordanian dinars at an interest rate of 0.25% (PLR) annually without commission and with the sponsorship of Mr. Hisham Mohamed Al Wadi provided that the loan be paid in one payment on October 1 2020 or with a 35% deduction for the value of each completion bill Reply to the Arab Towers Contracting Company, whichever comes first.

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**11. BANK OVERDRAFT**

	<b>2019</b>	<b>2018</b>
Arab Bank	<b>12,064,583</b>	12,160,281
Bank of Jordan	-	511,086
Bank al Etihad	<b>980,082</b>	895,294
Jordan Ahli Bank	<b>1,007,686</b>	1,606,375
Jordan Kuwait Bank	<b>957,369</b>	950,029
Housing Bank	<b>294,434</b>	193,514
	<b>15,304,154</b>	16,316,579

**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 .

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**12. ACCRUED EXPENSES AND OTHER LIABILITIES**

	2019	2018
Accrued expenses	45,965	75,602
Accrued Salaries	1,917,087	3,352,208
Due to income and Sales tax	259,721	140,908
Income tax provision*	46,106	304,088
Due to Social security	705,901	481,424
Others	146,732	252,773
	<u>3,121,512</u>	<u>4,607,003</u>

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

	2019	2018
Beginning balance	304,088	774,849
Paid during the year	(320,088)	(914,849)
Provision for the year	62,106	444,088
	<u>46,106</u>	<u>304,088</u>

The Company tax status has been approved with the Income and Sales Tax Department till 2018.

Arab Towers Contracting Company (Oman subsidiary) has completed its tax status with the Income and Sales Tax Department till 2018.

Abraj Al Arab Contracting Company Aqaba Branch (a subsidiary company) has been approved its tax status with the Income and Sales Tax Department till 2016, and for 2017, a self-assessment statement was submitted to the department and 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 acquire 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 acquire 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 acquire 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
<b>Total</b>	<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)
<b>Net acquisition cost</b>	<u>35,250,000</u>

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

<b>Assets</b>	<b>Fair value</b>	<b>Book value at aquisition</b>
Property and equipment	18,101,977	18,101,977
Inventories	5,958,223	5,958,223
Accounts receivable and checks under collection	50,377,233	50,377,233
projects retentions	8,347,160	8,347,160
Amount due from customers on construction contract	43,552,646	43,552,646
Financial assets designated at fair value through other comprehensive income	340,535	340,535
Prepaid expenses and other receivables	6,767,905	6,767,905
Cash and cash equivalents	9,205,895	9,205,895
<b>Total assets</b>	<b>142,651,574</b>	<b>142,651,574</b>
<b>Liabilities</b>		
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
<b>Total liabilities</b>	<b>131,391,752</b>	<b>129,130,297</b>
<b>Net owned assets</b>	<b>11,259,822</b>	<b>13,521,277</b>
<b>Company share of Net owned assets after decleration (68,75%)</b>	<b>7,741,128</b>	
<b>Cash paid (Investment cost until acquisition date)</b>	<b>35,250,000</b>	
<b>Goodwill as a result of acquisition</b>	<b>27,508,872</b>	
<b>Annual test for impairment:</b>		

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 10,5% nearly annually (2018:11%nearllyannually).

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**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:

	2019	2018
Project Revenues	-	40,281,051
Project purchases	-	13,180,695

\*Revenues and purchases from related parties are as follows:

	2019	2018
Revenues	-	%31
Purchases	-	%12

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 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

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

	<b>2019</b>	<b>2018</b>
Jordan magnesia Co.	-	307,728
Jordan Modern for Information Technology Co.	-	61,710
Developed Crushes Co.	-	1,098,908
Excavation of Metals and Manufacturing Marbles in all its Shape and Forms	-	6,761
Manaseer Industrial Complex Co.	-	8,455,941
Al Addeiat Al Sareeah for machinery trading Co.	-	8,784,760
Architectural Lines for Housing (Ltd)	-	9,448,806
Jordan Modern for Trade Material Supply Co.	-	175,426
Manaseer for Trade Services	-	18,970,886
AL-Bunyan For Cement And Concrete Products Manufacturing	-	349,175
	-	47,660,101

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

	<b>2019</b>	<b>2018</b>
Eng. Hisham EL Wadi	<b>6,666,466</b>	6,539,053
Jordan Modern Ready Mix Concrete	-	10,697,928
AL-Bunyan For Cement And Concrete Products Manufacturing	-	298,960
Advanced Transportation and Shipping Services	-	2,323,895
Trust Industrial Concrete	-	334,664
Vision For Maintenance and Spare Parts	-	1,231
Manaseer Group for Industrial and commercial Investment	-	1,878,581
United Iron and Steel Manufacturing Co	-	1,552,094
Jordan Modern for Oil and Fuel Services Co.	-	2,666,225
Jordan Modern International Trade Co.	-	53,204
	<b>6,666,466</b>	<b>26,345,835</b>

**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.

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**16- DISTRIBUTABLE PROFITS**

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

	2019	2018
Retained earnings	6,306,389	6,319,203
Downwards: Unrealized profits	-	-
Profits earned	6,306,389	6,319,203
Decreased: Negative fair value reserve	-	-
Distributable profit	6,306,389	6,319,203

**17 . COST OF REVENUES**

	2019	2018
Cost of construction projects revenue	67,962,399	121,793,438
Depreciation for the property and equipment	2,733,852	3,990,323
	70,696,251	125,783,761

**18. GENERAL AND ADMINISTRATIVE EXPENSES**

	2019	2018
Salaries ,wages and other benefits	1,780,707	1,920,294
Government fees and subscriptions	70,091	53,902
Vehicles expenses	54,977	47,203
Electricity ,water, telephone and internet	49,869	53,472
Stationary and printing	14,165	20,069
Travel and accommodation	-	18,803
Professional fees and consultancies	48,424	44,208
Rent	79,938	121,726
Transportation and donations	1,583	22,475
Bids expenses	15,514	11,900
Maintenance	4,629	9,910
Insurance	49,170	51,158
Cleaning	1,868	3,605
Other expenses	42,406	114,595
	2,213,341	2,493,320

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**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 1,490,288.

**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.

<u>December 31, 2019</u>	<u>level one</u>	<u>Second Level</u>	<u>Third level</u>	<u>Total</u>
Financial assets designated at fair value through statement of other comprehensive income	176,860	-	-	176,860
	176,860	-	-	176,860
<u>December 31, 2018</u>	<u>level one</u>	<u>Second Level</u>	<u>Third level</u>	<u>Total</u>
Financial assets designated at fair value through statement of other comprehensive income	190,005	-	-	190,005
	190,005	-	-	190,005

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 2018.

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.

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**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 2020.

**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:

<u>Currency</u>	<u>Interest rate increase</u>	<u>The impact on profit for the year</u>	
JD	(Percentage points)	<u>2019</u>	<u>2018</u>
	25	- 158,492	-142,253

  

<u>Currency</u>	<u>Interest rate decrease</u>	<u>The impact on profit for the year</u>	
JD	(Percentage points)	<u>2019</u>	<u>2018</u>
	25	+ 158,492	+142,253

**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.

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**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.

	<u>Year or less</u>	<u>More than one year</u>	<u>Total</u>
<b>December 31, 2019</b>			
Tools without interest	51,888,865	-	51,888,865
Tools with interest	63,396,912	-	63,396,912
<b>Total</b>	<u>115,285,777</u>	<u>-</u>	<u>115,285,777</u>
<b>December 31, 2018</b>			
Tools without interest	87,959,245	-	87,959,245
Tools with interest	56,901,274	-	56,901,274
<b>Total</b>	<u>144,860,519</u>	<u>-</u>	<u>144,860,519</u>

**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. SUBSEQUENT EVENTS**

The existence of novel corona virus (COVID -19) was confirmed in early 2020 and has spread across multiple geographies, causing disruptions to businesses and economic activity. The Company considers this outbreak to be a non-adjusting post balance sheet event. At this early stage when situation is rapidly evolving; the Company has already mobilized a task force to assess the possible impact on its business. The initial study encompasses reviewing the potential risks around continued uninterrupted functioning of sales facilities. It is not practicable to provide a quantitative estimate of the potential impact at this stage. The Company does not foresee major impact on its operations issued on operation result before March 15, 2020, if the situation is normalized within a reasonable time period. The management and those charged with governance will continue to monitor the situation and accordingly update stakeholders as per the regulatory requirements. Any changes in circumstances may require enhanced disclosures or recognition of adjustments in the financial statements of the Company for the subsequent periods.

**22. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Directors and authorized for issuance on June 8, 2020.