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Jordan Securities Commission

Amman Stock Exchange

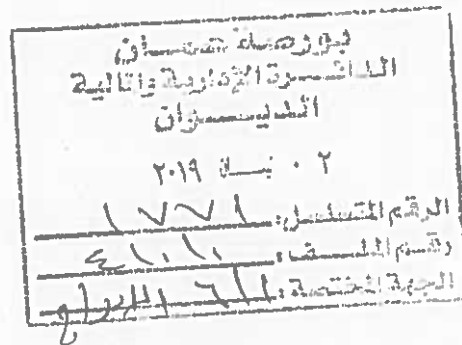
Gentlemen,

Please find attached the financial statements for **Premier Business and Projects Co.** for the year 2018.

Best regards,

Basim Muasher

Chairman



PREMIER FOR BUSINESS AND PROJECTS

(PUBLIC SHAREHOLDING COMPANY)

FINANCIAL STATEMENTS

31 DECEMBER 2018

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Premier Business and Projects Public Shareholding Company
Amman- Jordan**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Premier Business and Projects a Public Shareholding Company (the Company), which comprise the statement of financial position as at 31 December 2018, and the income statements, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

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

Revenue recognition: Share of income from associate	
Key Audit matter	How the key audit matter was addressed in the audit
At 31 December 2018, the Company has associate investments amounting to JD 3,098,315, with share of profits recorded during the year 2018 amounted to JD 578,235 which represent the main source of income to the Company. The Company focus on income from associate, as a key performance measure, which could create an incentive to overstate income, and accordingly this area was considered a key audit matter for the audit.	Our audit procedures included, amongst others, obtaining the financial statements from associates as of 31 December 2018 and audit the implementation of the equity method of accounting related to the associate including the recalculation of the Company's share of income and net assets from the associate based on their financial statements. Refer to the accounting policies and notes (5), (7) on the financial statements.

Other information included in the Company's 2018 annual report.

Other information consists of the information included in the annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the financial statements.

The partner in charge of the audit resulting in this auditor's report was Waddah Issam Barkawi; license number 591.

Amman-Jordan
20 March 2019

Ernst & Young

PREMIER FOR BUSINESS AND PROJECTS
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	2018 JD	2017 JD
ASSETS			
Non-current assets -			
Financial assets at fair value through other comprehensive income	6	330,089	593,776
Investment in associates	7	3,098,315	2,656,080
Property and equipment	9	526,791	593,064
Investment properties	8	80,003	81,509
		<u>4,035,198</u>	<u>3,924,429</u>
Current assets -			
Other debit balances	10	19,601	21,587
Due from related parties	16	56,284	732
Cash on hand and at banks		1	2,475
		<u>75,886</u>	<u>24,794</u>
Total assets		<u>4,111,084</u>	<u>3,949,223</u>
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders equity -			
Paid-in capital	11	1,500,000	1,500,000
Statutory reserve	11	784,554	784,554
Voluntary reserve	11	511,279	511,279
Fair value reserve	6	(1,080,963)	(946,631)
Retained earnings		1,101,495	911,981
Total equity		<u>2,816,365</u>	<u>2,761,183</u>
Non-current liability -			
Bank loan	13	296,458	-
Current liabilities -			
Short-term bank loan	13	296,458	625,091
Shareholders deposits		112,358	113,244
Income tax provision	15	18,020	18,020
Other credit balances	12	134,909	156,246
Other provisions	17	218,931	218,931
Due to related parties	16	217,585	56,508
Total liabilities		<u>1,294,719</u>	<u>1,188,040</u>
Total shareholders' equity and liabilities		<u>4,111,084</u>	<u>3,949,223</u>

The accompanying notes from 1 to 23 represent an integral part of these financial statements and should be read with them.

PREMIER FOR BUSINESS AND PROJECTS
PUBLIC SHAREHOLDING COMPANY
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 JD	2017 JD
Revenues:			
Dividends from financial assets at fair value through other comprehensive income.		34,241	40,154
Share of profit from the associates	7	578,235	10,459
Other revenues		126,363	59,467
Total Revenues		738,839	110,080
Expenses			
Administrative expenses	14	(266,534)	(214,910)
Financing expenses		(89,303)	(88,916)
Impairment on investment in associate	7	(100,000)	-
Other provisions	17	-	(64,750)
Impairment losses of investment properties	8	(1,506)	(5,019)
Depreciation	9	(66,273)	(66,273)
Total Expenses		(523,616)	(439,868)
Profit (loss) before income tax		215,223	(329,788)
Income tax expense	15	-	-
Profit (loss) for the year		215,223	(329,788)
		Dinar/Fils	Dinar/Fils
Basic and diluted earnings (loss) per share		0/143	(0/219)

The accompanying notes from 1 to 23 represent an integral part of these financial statements and should be read with them.

PREMIER FOR BUSINESS AND PROJECTS
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 JD	2017 JD
Profit (Loss) for the year		215,223	(329,788)
Add: Other comprehensive income after income tax			
Change in the fair value reserve of financial assets at fair value through other comprehensive income	6	(160,041)	(69,550)
Total comprehensive income for the year		<u>55,182</u>	<u>(399,338)</u>

The accompanying notes from 1 to 23 represent an integral part of these financial statements and should be read with them.

**PREMIER FOR BUSINESS AND PROJECTS
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Paid in capital	Reserves		Fair value reserve	Retained earnings		Total
		Statutory	Voluntary		Unearned	Earned	
2018 -	JD	JD	JD	JD	JD	JD	JD
Balance at 1 January 2018	1,500,000	784,554	511,279	(946,631)	351,802	560,179	2,761,183
Total comprehensive income for the year	-	-	-	(160,041)	(100,000)	315,223	55,182
Loss on sale of financial assets at fair value through other comprehensive income				25,709	-	(25,709)	-
Balance at 31 December 2018	1,500,000	784,554	511,279	(1,080,963)	251,802	849,693	2,816,365

2017-

Balance at 1 January 2017	1,330,008	784,554		511,279	(877,081)	351,802	1,192,959	3,293,521
Total comprehensive income for the year	-	-	-	-	(69,550)	-	(329,788)	(399,338)
Increase in capital (Note 18)	169,992	-	-	-	-	-	(169,992)	-
Dividends paid (Note 18)	-	-	-	-	-	-	(133,000)	(133,000)
Balance at 31 January 2017	1,500,000	784,554		511,279	(946,631)	351,802	560,179	2,761,183

* The Company cannot use a restricted amount of JD 1,080,963 as of 31 December 2018 (31 December 2017: JD 946,631) which represents the negative fair value reserve.

* The retained earnings include a restricted amount of JD 251,802 as of 31 December 2018 (31 December 2017: JD 351,802) which represents the profit from revaluing the investment in associate.

The accompanying notes from 1 to 23 represent an integral part of these financial statements and should be read with them.

**PREMIER FOR BUSINESS AND PROJECTS
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<u>Notes</u>	<u>2018</u> JD	<u>2017</u> JD
<u>Operating Activities</u>			
Profit (Loss) before income tax		215,223	(329,788)
Adjustments for -			
Depreciation	9	66,273	66,273
Impairment losses of investment properties	8	1,506	5,019
Share of profit from associates	7	(578,235)	(10,459)
Impairment losses of investment associate	7	100,000	-
Dividends from financial assets at fair value through other comprehensive income		(34,241)	(40,154)
Other provisions	17	-	64,750
Financing costs		89,303	88,916
Working capital changes:			
Other debit balances		1,986	(1,302)
Other credit balances		(21,337)	(123,148)
Net cash flows (used in) operating activities		<u>(159,522)</u>	<u>(279,893)</u>
<u>Investing Activities</u>			
Increase capital in associate		(284,000)	-
Proceeds from selling associate investment		320,000	560,000
Dividends from financial assets at fair value through other comprehensive income		34,241	40,154
Proceeds from selling financial assets at fair value through other comprehensive income	7	103,646	-
Net cash flows from investing activities		<u>173,887</u>	<u>600,154</u>
<u>Financing Activities</u>			
Bank loan		(32,175)	(195,783)
Due from/to related parties		105,525	47,141
Financing costs paid		(89,303)	(53,621)
Dividends paid to shareholders		(886)	(117,858)
Net cash flows used in financing activities		<u>(16,839)</u>	<u>(320,121)</u>
(Decrease) increase in cash and cash equivalents		(2,474)	140
Cash and cash equivalents at the beginning of the year		2,475	2,335
Cash and cash equivalents at the end of the year		<u>1</u>	<u>2,475</u>

The accompanying notes from 1 to 23 represent an integral part of these financial statements and should be read with them.

(1) GENERAL

Arab Chemical Detergent Industries Co. Ltd. was established in 1973 and registered as a public shareholding company with a capital of JD 250,000. Several amendments were made to the share capital, the last was during 2017 for which the authorized and paid in capital of the company reached JD 1,500,000 at a par value of 1 JD per share.

On the extraordinary general assembly held its meeting on 25 April 2007 approved to change the objectives and the name of the company, to become Premier for Business and Projects public shareholding limited company.

The objectives of the company are to invest in companies of all kinds and to buy and sell lands, real estates and movable and immovable property.

The audited financial statements were approved by the board of directors on 18 March 2019 and these financial statements require the approval of the general assembly of shareholders.

(2) BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements has been prepared on historical cost basis except for financial assets at fair value through other comprehensive income which stated at fair value at the date of the financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements are presented in Jordanian Dinar, which represent the functional currency of the Company.

(3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2017 except for the followings:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 using the modified retrospective approach. The standard does not have any impact on the Company's financial statements.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company had previously implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The standard has been applied retrospectively and, in line with IFRS 9, comparative amounts have not been restated.

Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Company to record an allowance for ECL for all debt instruments measured at amortized cost.

For all debt instruments, the Company has applied the standard's simplified approach and has calculated ECL based on lifetime expected credit losses.

The standard does not have any impact on the Company's financial statements

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Company's financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments do not have any impact on the Company's financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. **If applicable** - *The Company's accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments. In addition, the Company has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction.*

These amendments do not have any impact on the Company's financial statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

These amendments do not have any impact on the Company's financial statements.

(4) USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

(5) Summary of SIGNIFICANT ACCOUNTING POLICIES

Financial assets at fair value through other comprehensive income

Equity investments that are not held for sale in the near future.

These financial assets, when purchased, are recognized at fair value plus attributable acquisition costs and subsequently measured at fair value. The change in fair value of those assets is presented in the statement of comprehensive income within owners' equity, including the change in fair value resulting from the foreign exchange differences of non-monetary assets. In case those assets - or part of them - were sold, the resultant gain or loss is recorded in the comprehensive income statement within owners' equity and the reserve for the sold assets is directly transferred to the retained earnings and not through the statement of income.

Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Company's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Company's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of associates in the income statement.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in income statement.

Property, and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in losses.

Depreciation is computed on a straight-line basis using the following depreciation rates, and the depreciation expense is recorded in the statement of income:

<u>Category</u>	<u>Depreciation %</u>
Buildings	4
Decorations	9
Furniture	10
Equipment	12

When the expected recoverable value is less than the net carrying value, the assets are written down to their recoverable amount, and the impairment is recorded in the statement of total comprehensive income.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Investment properties

Investment properties is stated at cost less accumulated depreciation and any impairment provision. Investment property (except lands) is depreciated using the straight-line method over the useful life of the properties.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, less due to banks.

Loans and borrowings

All loans and borrowings are initially recognized at fair value. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Account payable and accruals

Liabilities are recognized based on the amount to be paid in the future for goods received or services rendered, whether billed or not yet billed by the supplier.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and reliably measured.

Foreign currencies

Transactions in foreign currencies during the year are recorded in the functional currency rate prevailing at the date of transaction. Financial assets and liabilities denominated in foreign currency are translated at the functional currency rate of exchange prevailing on the date of the statement of financial position.

Gains or loss resulting from foreign currency transactions are charged to the income statement.

Income taxes

The income tax provision is calculated in accordance with the Income Tax Law No. 34 of 2014 and IAS 12 which requires the recognition of deferred taxes resulting from the differences between the carrying amount of an asset or liability and its tax base. The company is subject to 20% income tax rate.

Employees' end of service indemnity –

The Company calculates the end of service benefits to employees according to the company's internal policy which is in line with the labour Jordanian law. The benefit is recorded on the basis of one month salary for each year in service.

Fair value measurement

The Company measures financial instruments such as financial assets at fair value through other comprehensive income at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revenue recognition –

In accordance with IFRS 15, revenue recognized based on the 5 steps model, the model includes identifying the contract, identifying the selling price, allocating the selling price over the performance obligations. Revenue is recognized when the performance obligations satisfied and an invoice is issued.

Impairment of Non-Financial Assets Value

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

(6) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2018	2017
	JD	JD
Investments in quoted shares	330,089	593,776

The movement on the fair value reserve is as follows:

	2018	2017
	JD	JD
Balance – Beginning of the year	(946,631)	(877,081)
Unrealized losses	(160,041)	(69,550)
Realized losses	25,709	-
Balance – End of the Year	(1,080,963)	(946,631)

(7) INVESTMENTS IN ASSOCIATES

This item consists of the following:

	Ownership Interest		Activity	2018	2017
	2018	2017		JD	JD
Henkel– Jordan	40%	40%	Marketing and distribution	2,847,558	2,114,752
Obeji for consumer products	50%	50%	Marketing and distribution	250,757	541,328
				3,098,315	2,656,080

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Henkel - Jordan

	Henkel - Jordan	
	2018	2017
	JD	JD
Statement of financial position		
Current assets	9,638,688	5,168,332
Non- current assets	14,514	779,580
Current liabilities	(2,837,440)	(964,164)
Net equity	6,815,762	4,983,748
Company's share from net equity	2,726,305	1,993,499
Add: embedded Goodwill	121,253	121,253
Total	2,847,558	2,114,752
Ownership percentage	40%	40%
 Statement of comprehensive income	 2018	 2017
	JD	JD
Revenues	10,676,151	8,636,636
Gain	1,416,687	-
Operating expenses	(4,291,933)	(3,748,378)
Administrative expenses	(5,168,890)	(3,957,613)
Profit for the year	2,632,015	930,645
Company's share from the profit in associate	1,052,806	372,258

Obeji for consumer products - Jordan

Statement of financial positions	Obeji for consumer products - Jordan	
	2018	2017
	JD	JD
Current assets	7,833,046	6,144,690
Non- current assets	690,134	618,978
Current liabilities	(8,429,330)	(6,288,676)
Net equity	<u>93,850</u>	<u>474,992</u>
Company's share from net equity	<u>46,925</u>	<u>237,496</u>
Ownership percentage	<u>50%</u>	<u>50%</u>
Add: embedded Goodwill	<u>203,832</u>	<u>303,832</u>
Total	<u>250,757</u>	<u>541,328</u>
	2018	2017
	JD	JD
Statement of comprehensive income		
Revenues	12,950,045	14,145,067
Operating expenses	(11,596,952)	(11,834,523)
Administrative expenses	(2,302,235)	(3,048,909)
Loss for the year	<u>(949,142)</u>	<u>(738,365)</u>
Company's share from the loss of the associate	<u>(474,571)</u>	<u>(361,799)</u>

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Movement on investments in an associate is as follows:

	31 December 2018 JD	31 December 2017 JD
Balance at 1 January	2,656,080	3,205,621
Company's share of Henkel Jordan Co. profit	1,052,806	372,258
Company's share of Obeji Co. loss	(474,571)	(361,799)
Impairment loss on Obeji investment	(100,000)	-
Capital increase in Obeji	284,000	-
Received dividends – Henkel Jordan Co	(320,000)	(560,000)
Balance at 31 December	<u>3,098,315</u>	<u>2,656,080</u>

(8) INVESTMENT PROPERTIES

This item represents an investment in land owned by the Company in Al Muwaqar area, section number 820, section number 529 block number 4. According to the real estate valuation, the fair value of this land amounted to JD 80,003 as at 31 December 2018, (JD 81,509 as at 31 December 2017)

This item consists of the following:

	2018 JD	2017 JD
Balance as at 1 January	81,509	86,528
Impairment loss	(1,506)	(5,019)
Balance as at 31 December	<u>80,003</u>	<u>81,509</u>

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(9) Property and Equipment

	Buildings	Decorations	Furniture	Equipment	Total
	JD	JD	JD	JD	JD
2018- Cost-					
At 1 January 2018	703,513	304,648	107,146	460	1,115,767
At 31 December 2018	<u>703,513</u>	<u>304,648</u>	<u>107,146</u>	<u>460</u>	<u>1,115,767</u>
Accumulated Depreciation-					
At 1 January 2018	225,202	215,984	81,057	460	522,703
Depreciation for the year	28,140	27,419	10,714	-	66,273
At 31 December 2018	<u>253,342</u>	<u>243,403</u>	<u>91,771</u>	<u>460</u>	<u>588,976</u>
Net Book Value at					
At 31 December 2018	<u>450,171</u>	<u>61,245</u>	<u>15,375</u>	<u>-</u>	<u>526,791</u>
 2017- Cost -					
At 1 January 2017	703,513	304,648	107,146	460	1,115,767
At 31 December 2017	<u>703,513</u>	<u>304,648</u>	<u>107,146</u>	<u>460</u>	<u>1,115,767</u>
Accumulated Depreciation-					
At 1 January 2017	197,061	188,565	70,344	460	456,430
Depreciation for the year	28,141	27,419	10,713	-	66,273
At 31 December 2017	<u>225,202</u>	<u>215,984</u>	<u>81,057</u>	<u>460</u>	<u>522,703</u>
Net Book Value					
At 31 December 2017	<u>478,311</u>	<u>88,664</u>	<u>26,089</u>	<u>-</u>	<u>593,064</u>

*The Company's building are mortgaged against the Jordan Kuwait Bank loan (note 13).

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(10) OTHER DEBIT BALANCES

	2018	2017
	JD	JD
Prepaid expenses	4,194	5,692
Refundable deposits	11,385	11,385
Income tax receivable	3,175	3,158
Others	847	1,352
	19,601	21,587

(11) EQUITY

Paid in capital

The authorized and paid in capital amounted to JD 1,500,000 divided into 1,500,000 shares at a par value of JD 1 per share.

Statutory reserve

This amount represents appropriations at 10% of net income before income tax during this year and prior years. This reserve is not available for distribution to the shareholders.

Voluntary reserve

This reserve represents amounts transferred from the net profit of the year before tax at a rate not exceeding 20% and its available for distribution to shareholders.

(12) OTHER CREDIT BALANCES

	2018	2017
	JD	JD
End of service provision	37,500	31,250
CEO and board of directors remuneration provision	-	31,250
Accrued Expense	55,020	51,300
Sales Tax payable	2,343	4,223
Income Tax payable	16,424	542
Accrued interest	20,000	35,295
Others	3,622	2,386
	134,909	156,246

(13) BANK LOAN

	instalments within one year	Long Term Instalments	Total
	JD	JD	JD
2018-			
Jordan Kuwait Bank	<u>296,458</u>	<u>296,458</u>	<u>592,916</u>
2017-			
Jordan Kuwait Bank	<u>625,091</u>	<u>-</u>	<u>625,091</u>

In 2018, the loan was rescheduled to be paid in two instalments in amount of JD 296,458 per instalment at an interest rate of 9.75% (2017: 9%) after having been scheduled several times during the previous years, the first instalment is due on 30 August 2019 and the second on 30 August 2020. The loans are secured by the Chairman personal guarantee and first class mortgage on the Company's office building.

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(14) ADMINISTRATIVE EXPENSES

	2018	2017
	JD	JD
Salaries and benefits	109,609	108,600
Social security contribution	4,932	4,788
Board of directors transportation allowance	21,600	21,600
Board of directors and CEO remunerations	75,000	31,250
End of service indemnity	6,250	6,250
Professional fees	15,778	12,200
Stamps, fees and licenses	11,850	12,200
Stationery and printings	2,413	2,517
Office services	2,173	2,180
Telecommunications and mails	1,252	1,961
Insurance	1,200	1,283
Traveling and accommodation	2,113	1,200
Others	12,364	8,881
	<u>266,534</u>	<u>214,910</u>

(15) INCOME TAX

Income tax provision was calculated for the years ended 2018 and 2017 according to Income tax law

(34) 2014.

The Company received a final clearance from the Income Tax Department up to 2015, the tax declarations were submitted for 2016 and 2017 and have not yet been reviewed yet.

(16) RELATED PARTIES TRANSACTION

Related parties represent associate companies, major shareholders, directors and key management personnel and entities controlled or significantly influenced by such parties.

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The balances of related parties included in the statement of financial position are as follows:

	2018	2017
	JD	JD
Due from related parties:		
Henkel – Jordan (Associate)	-	732
Obeji for Consumer Products Holding (Associate)	56,284	-
	<u>56,284</u>	<u>732</u>
Due to related parties:	2018	2017
	JD	JD
Obeji for Consumer Products – Jordan (Associate)	190,425	53,452
Obeji for Consumer Products Holding (Associate)	-	365
Chairman of board of directors	27,160	2,691
	<u>217,585</u>	<u>56,508</u>
Financial assets in fair value through other comprehensive income:	2018	2017
	JD	JD
Financial Investments	<u>126,540</u>	<u>359,186</u>
Other revenues:	2018	2017
	JD	JD
Rent income–Henkel Jordan	34,750	33,075
Management fees Obeji for consumer products - Jordan	27,160	26,392
Other	64,453	-
	<u>126,363</u>	<u>59,467</u>
Guarantees:		

There are personal guarantees provided by the Chairman against the Company's loan.

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The following benefits (the salaries, bonuses and incentives) for executive management:

	<u>2018</u>	<u>2017</u>
	JD	JD
CEO and Board of directors remunerations	<u>171,600</u>	<u>127,850</u>

(17) Other provisions

Movement on the provision is as follows:

	<u>2018</u>	<u>2017</u>
	JD	JD
Balance at the beginning of the year	218,931	154,181
Additions during the year	<u>-</u>	<u>64,750</u>
Ending balance	<u>218,931</u>	<u>218,931</u>

(18) DIVIDENDS

The general assembly of the shareholders approved in its meeting on 6 April 2017 cash dividends to shareholders for the year ended 31 December 2016 profits by 10% per share. In addition approved in its extra ordinary meeting held on 6 April 2017 to increase the Company's share capital from 1,330,008 share / JD to 1,500,000 share / JD through the capitalization of JD 169,992 from retained earnings and distribute it as share dividend to shareholders by 12.78% per share. The capital increase procedures were completed on 24 April 2017.

(19) Contingencies and commitments

The Company has contingent liabilities in the form of a bank guarantee amounting to JD 10,000 as at 31 December 2018 (31 December 2017: JD 10,000).

(20) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of cash on hand and balances at banks, due from related parties, financial assets at fair value through other comprehensive income and some other debit balances. Financial liabilities consist of loans, due to related parties and some other credit balances.

The fair values of financial instruments are not materially different from their carrying values.

(21) RISK MANAGEMENT

Interest rate risk -

The Company is exposed to interest rate risk on its interest-bearing assets and liabilities such as bank loans.

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, based on the floating rate financial assets and financial liabilities held at 31 December.

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

2018 –	Increase (Decrease) in interest rates	Effect on income statement
	Basis Points	JD
	50	(2,965)
	(50)	2,965
2017 –	Increase (Decrease) in interest rates	Effect on income statement
	Basis Points	JD
	50	(3,125)
	(50)	3,125

Share Price Risk

The table below indicates the sensitivity of the fair value reserve of the financial assets through other comprehensive income for possible reasonable changes on the share prices, with keeping all other variables constant:

2018 -

<u>Index</u>	<u>change in index</u> %	<u>Effect on statement of equity</u> JD
Amman Stock Exchange	10	33,009

2017 -

<u>Index</u>	<u>change in index</u> %	<u>Effect on statement of equity</u> JD
Amman Stock Exchange	10	59,378

In the event of an opposite change in the index, the effect will be the same but with an opposite sign.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The company seeks to mitigate the credit risks by maintaining its balances in reputable financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities.

The Company limits its liquidity risk by ensuring funding from bank loans.

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The table below summarizes the maturities of the Company's (undiscounted) financial liabilities as at 31 December, based on contractual payment dates and current market interest rates.

31 December 2018	Less than 3 months	3 to 12 months	More than 12 months	Total
	JD	JD	JD	JD
Other credit balances	97,409	-	37,500	134,909
Bank loans	-	326,104	326,104	652,208
Due to related parties	-	217,585	-	217,585
Total	97,409	543,689	363,604	1,004,702

31 December 2017

Other credit balances	124,996	-	31,250	156,246
Bank loans	-	686,037	-	686,037
Due to related parties	-	56,508	-	56,508
Total	124,996	742,545	31,250	898,791

Currency risk

Most of the Company's transactions are in Jordanian Dinars and U.S. dollars. The Jordanian Dinar is fixed against the U.S dollar (USD 1.41 for each one Jordanian Dinar). The transactions are not considered to represent significant currency risk

(22) CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments in light of changes in business conditions. No changes were made by the company during the year.

The underlying items of Capital structuring comprises paid in capital, statutory reserve, voluntary reserve, retained earnings and fair value reserve and is measured at JD 2,916,365 as at 31 December 2018 against JD 2,761,183 as at 31 December 2017.

(23) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

Transition to IFRS 16

The Company has the option to adopt IFRS 16 retrospectively and restate each prior reporting period presented or using the modified retrospective approach by applying the impact as an adjustment on the opening retained earnings. The Company will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Company will adopt IFRS 16 using the modified retrospective approach. During 2018, the Company has performed a detailed impact assessment of IFRS 16.

The Company does not expect a material impact on its balance sheet or equity on applying the requirements of IFRS 16.

IFRS 17 Insurance Contracts

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

The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

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

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted.