شركة الإتحاد للإستثمارات المالية م.ع.م

Union Investment Corp. P.L.C

نموذج رقم (2-1) Form No. (1-2)	
To: Jordan Securities Commission Amman Stock Exchange Date: 10/4/2019 Ref: 2/3/3/9113 Subject Audited Financial Statements for the fiscal year ended of 31/12/2018	السادة هيئة الاوراق المالية السادة بورصة عمان التاريخ:- 2019/4/10 الرقم : 9113/3/3/2 الموضوع: البيانات المالية السنوية المدققة كما هي في 2018/12/31
Attached the Audited Financial Statements of (Union Investment Corp. plc) As of 31/12/2018 in English.	مرفق طيه نسخة من البيانات المالية السنوية لشركة (الإتحاد للإستثمارات المالية م.ع.م) باللغة الإنجليزية كما هي بتاريخ 2018/12/31م
Kindly accept our highly appreciation and respect Union Investment Corp. P.L.C Financial Manager's Signature Iyad Yaghmour	وتفضلوا بقبول فائق الاحترام،،، شركة الإتحاد للإستثمارات المالية م.ع.م توقيع المدير المالي إياد يغمور

شركة الإتحاد للإستثمارات المالية م.ع.م
Union Investment Corp. P.L.C

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
١١ نيسان ٢٠١٩
الرقم التسلسلي ....
الجهة المختصة ....

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UNION INVESTMENT CORPORATION

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

Building a better working world

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Union Investment Corporation
Public Shareholding Company
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Union Investment Corporation - Public Shareholding Company (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

As disclosed in note (7) to the consolidated financial statements, the Group's management did not perform impairment testing on the indefinite intangible assets amounted to JD 3,647,535 as of 31 December 2018 in accordance with the requirements of International Accounting Standard 36 "Impairment of Assets". This intangible asset is represented by a trade name for cigarettes and tobacco products which resulted from the acquisition of the subsidiary (Union Tobacco and Cigarettes Industries Company - Public Shareholding Company). We were unable to determine the impact, if any of not applying the requirements of International Accounting Standard 36 on the consolidated financial statements of the Group as of 31 December 2018.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated 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 qualified opinion.

Emphasis of matter

Without further qualifying our opinion, and as disclosed in note (5) to the consolidated financial statements, investment properties include land plots with an amount of JD 2,785,399 that are not registered in the name of the Group as at 31 December 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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

1. Recoverability of trade receivables

Disclosures that relate to the valuation of trade receivables are included in note (11) to the consolidated financial statements.

Key audit matter:	How the key audit matter was addressed in the audit:
The Group's trade receivables amounted to JD 17,716,256 as at 31 December 2018 which representing 12.7% of the Group's total assets. The Group has applied the simplified approach of International Financial Reporting Standard 9 (IFRS 9) and has calculated the expected credit losses on accounts receivable. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors and economic environment. Due to the significance of accounts receivable and the related estimation uncertainty based on IFRS (9), this is considered a key audit matter.	Our audit procedure included the following: - understanding the Group's policy in calculating the provision in comparison with the requirement of International Financial Reporting Standard 9 (IFRS 9). - We verified the inputs and outputs used in the expected credit losses framework. - We assessed the reasonableness of estimates and judgements used by management in calculating the provision for expected credit losses.

2. Provision for slow moving inventories

Disclosures that relate to the provision for slow moving inventories are included in note (10) to the consolidated financial statements.

Key audit matter:	How the key audit matter was addressed in the audit:
At 31 December 2018, total inventories balance amounted to JD 10,759,079 representing 7.7% of total assets of the Group. Judgment is required to assess the appropriate level of provisioning for slow moving and obsolete items, which may be ultimately sold below cost or not in saleable conditions. One of the Group's major subsidiaries is mainly operating in the tobacco industry and trades in foreign markets in which inventories are stored in different local and foreign locations increasing the level of judgment involved in estimating the provision.	For both finished goods and raw materials, we tested the methodology for calculating the provision, reviewed the appropriateness and consistency of judgments and assumptions used in estimating the provision, the accuracy and completeness of ageing profile of inventory, including the adequacy of provision for slow moving and obsolete items. Additionally, we have observed the inventories stock count process in order to identify the obsolete and damaged inventories.

<table>
<tr><td colspan="2">3. Valuation of investment properties
Disclosures that relate to investment properties are included in note (5) to the consolidated financial statements</td></tr>
<tr><td>Key audit matter:
Investment properties make up 42.9% of the total assets of the Group as at 31 December 2018. Investment properties are measured at cost less accumulated depreciation and any impairment in value. The fair value of the investment property depends to a large extent on estimates, which is why this item is important for our audit. The Group has a process of internal and external valuations, with the value of the investment property being measured at least once a year. These valuations are based on, among other things, assumptions, such as future rents and occupation.</td><td>How the key audit matter was addressed in the audit:
Our audit work includes evaluating the quality and the objectivity of the valuation process and the independence and expertise of the internal and external surveyors. We also evaluated the accuracy of the property data provided by the Group's management to the independent external surveyors, which are used as input for the external survey. We analyzed the internal and external valuations, the underlying assumptions and the applied methods.</td></tr>
</table>

Other Matters

- Our audit opinion on the consolidated financial statements for the year ended 31 December 2017 was qualified in relation to recognition of a gain of JD 653,248 from sale of machinery and equipment during 2017 after receiving an amount of JD 1,775,000, which represents 50% of the total sale price. The machinery and equipment were still in the Group's possession. During 2018, the Group transferred these machinery and equipment and recognized a gain on sale of JD 666,937.
- Our audit opinion on the consolidated financial statements for the year ended 31 December 2017 was qualified in relation to that the Group did not perform impairment testing on its project under construction (Zara project) amounted to JD 6,913,443 as of 31 December 2017. The Group has restated the effect of the impairment on the opening balance of its retained earnings on 1 January 2017.

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

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as 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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounts which are in agreement with the consolidated financial statements, taking into consideration the matter described in the Basis for Qualified Opinion section.

The partner in charge of the audit resulting in this auditor's report was Mohammad Ibrahim Al-Karaki, license number 882.

Amman – Jordan
31 March 2019

Ernst + Young

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	31 December 2018	31 December 2017	As of 1 January 2017
		JD	JD (Restated, Note 28)	JD (Restated, Note 28)
ASSETS				
Non-current assets -				
Property, plant and equipment	3	18,998,658	20,579,096	24,139,628
Projects under construction	4	3,070,911	3,063,443	3,053,488
Investment properties	5	59,665,971	56,951,133	63,450,842
Advances on investments	27	7,799,219	-	-
Advances on machinery purchases		12,389	101,244	375,951
Intangible assets	7	3,647,535	3,647,535	3,647,535
Financial assets at fair value through other comprehensive income	8	1,933,522	1,968,677	3,276,396
		95,128,205	86,311,128	97,943,840
Current assets -				
Inventories	10	10,759,079	13,422,781	16,621,902
Trade receivables	11	17,716,256	23,343,804	26,720,076
Other current assets	12	3,283,612	3,451,003	3,101,339
Financial asset at fair value through profit or loss	9	57,328	38,932	34,226
Cash and bank balances	13	12,253,036	225,651	499,227
		44,069,311	40,482,171	46,976,770
Non-current assets held for sale	25	-	6,503,839	-
Total Assets		139,197,516	133,297,138	144,920,610
EQUITY AND LIABILITIES				
Equity -				
Equity attributable to equity holders of the parent -				
Paid in capital	14	50,000,000	50,000,000	50,000,000
Statutory reserve	14	12,500,000	12,500,000	12,500,000
Voluntary reserve	14	736,749	736,749	736,749
Treasury shares		(1,612,235)	(1,662,877)	(3,137,267)
Fair value reserve		(477,596)	(448,187)	(485,003)
Other reserves		1,503,418	1,496,510	3,557
Accumulated losses		(31,474,691)	(29,461,030)	(26,674,189)
		31,175,645	33,161,165	32,943,847
Non-controlling interests		38,991,014	35,056,990	36,533,184
Net Equity		70,166,659	68,218,155	69,477,031
Liabilities				
Non-current liabilities -				
Long term loans	15	25,915,724	16,940,941	21,840,408
Current liabilities -				
Current portion of long term loans	15	9,077,376	8,998,926	8,809,055
Bank overdrafts	16	1,262,138	1,344,446	3,026,972
Payables and other current liabilities	17	31,750,609	36,794,885	41,067,186
Income tax provision	23	1,025,010	999,785	699,958
		43,115,133	48,138,042	53,603,171
Total liabilities		69,030,857	65,078,983	75,443,579
Total Equity and Liabilities		139,197,516	133,297,138	144,920,610

The attached notes from 1 to 37 form part of these consolidated financial statements

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018	2017
Continuing operations:		JD	JD
Sales		12,255,370	11,957,001
Cost of sales	18	(12,011,095)	(11,067,197)
Gross profit		244,275	889,804
Loss on sale of financial assets at fair value through profit or loss		(3,430,838)	(33,003)
Depreciation of investment properties	5	(423,013)	(423,013)
Gain on sale of property, plant and equipment		666,937	723,038
Gain (loss) on sale of investment properties, net		4,164,208	51,483
Commodore Hotel expenses		(34,894)	(21,790)
Rental income, net		2,771,960	2,773,743
Other (expenses) income, net		(273,479)	(116,778)
Administrative expenses	19	(2,855,149)	(3,349,683)
Selling and marketing expenses	20	(1,437,325)	(953,971)
Provision for expected credit losses	11	(50,000)	-
Provision for advance payments on machinery purchases		(101,244)	-
Dividends income		3,600	-
Finance costs		(3,815,248)	(3,476,002)
Loss before tax from continuing operations		(4,570,210)	(3,936,172)
Income tax expense for the year	23	(41,423)	(39,268)
Prior years Income tax expense	23	(112,624)	(279,269)
Loss from continuing operations		(4,724,257)	(4,254,709)
Discontinued operations:			
Profit after tax for the year from discontinued operations	25	2,808,326	(3,760)
Loss for the year		(1,915,931)	(4,258,469)
Attributable to:			
Equity holders of the parent		(1,248,868)	(4,231,484)
Non-controlling interests	30	(667,063)	(26,985)
		(1,915,931)	(4,258,469)
		JD/ Fils	JD/ Fils
Basic and diluted earning per share from the loss for the year attributable to equity holders of the parent	21	(0/026)	(0/088)

The attached notes from 1 to 37 form part of these consolidated financial statements

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	JD	JD
Loss for the year	(1,915,931)	(4,258,469)
Other comprehensive income items not to be reclassified to profit or loss in subsequent periods, net of tax:		
Net (losses) gains of financial assets at fair value through other comprehensive income	(29,409)	36,816
Total comprehensive income for the year	(1,945,340)	(4,221,653)
Attributable to:		
Equity holders of the parent	(1,496,604)	(4,194,668)
Non-controlling interests	(448,736)	(26,985)
	(1,945,340)	(4,221,653)

The attached notes from 1 to 37 form part of these consolidated financial statements

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Attributable to shareholders of the parent									
	Paid in capital	Statutory reserve	Voluntary reserve	Treasury shares	Fair value reserve	Other reserves	Accumulated losses	Total	Non – controlling interests	Net equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2018-										
Balance as at 1 January 2018	50,000,000	12,500,000	736,749	(1,662,877)	(448,187)	1,496,510	(29,461,030)	33,161,165	35,056,990	68,218,155
Loss for the year	-	-	-	-	-	-	(1,248,868)	(1,248,868)	(667,063)	(1,915,931)
Other comprehensive Income Items	-	-	-	-	(29,409)	-	-	(29,409)	-	(29,409)
Sale of treasury shares, net	-	-	-	50,642	-	6,908	-	57,550	-	57,550
Acquisition of non-controlling interests	-	-	-	-	-	-	(764,793)	(764,793)	4,601,087	3,836,294
Balance at 31 December 2018	50,000,00	12,500,000	736,749	(1,612,235)	(477,596)	1,503,418	(31,474,691)	31,175,645	38,991,014	70,166,659
2017-										
Balance as at 1 January 2017	50,000,000	12,500,000	736,749	(3,137,267)	(485,003)	3,557	(24,980,601)	34,637,435	38,689,596	73,327,031
	-	-	-	-	-	-	(1,693,588)	(1,693,588)	(2,156,412)	(3,850,000)
Restated balance as at 1 January 2017	50,000,000	12,500,000	736,749	(3,137,267)	(485,003)	3,557	(26,674,189)	32,943,847	36,533,184	69,477,031
Loss for the year	-	-	-	-	-	-	(4,231,484)	(4,231,484)	(26,985)	(4,258,469)
Change in fair value reserve	-	-	-	-	36,816	-	-	36,816	-	36,816
Gain on selling of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	764,999	764,999	-	764,999
Sale of treasury shares, net	-	-	-	1,474,390	-	1,492,953	-	2,967,343	-	2,967,343
Acquisition of non-controlling interests	-	-	-	-	-	-	679,644	679,644	(1,449,209)	(769,565)
Balance at 31 December 2017	50,000,000	12,500,000	736,749	(1,662,877)	(448,187)	1,496,510	(29,461,030)	33,161,165	35,056,990	68,218,155

The attached notes from 1 to 37 form part of these consolidated financial statements

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018	2017
OPERATING ACTIVITIES		JD	JD
Loss before tax from continuing operations		(4,570,210)	(3,936,172)
Profit (loss) before tax from discontinued operations	25	2,808,326	(3,760)
Loss for the year before tax		(1,761,884)	(3,939,932)
Adjustments for:			
Depreciation		1,931,121	1,425,584
Provision for expected credit losses		50,000	-
Provision for advance payments on machinery purchases		101,244	-
(Gain) loss on sale of investment properties		(4,164,208)	(51,483)
Gain on sale of property, plant and equipment		(666,937)	(723,038)
Finance costs		3,815,248	3,476,002
Dividends Income		(3,600)	-
Working capital changes:			
Inventories		2,663,702	3,199,121
Trade receivables		5,476,304	3,376,272
Other current assets		256,246	344,284
Financial assets at fair value through profit or loss		(18,396)	(4,706)
Trade payables and other current liabilities		(4,620,683)	(3,237,798)
Income tax paid		(128,822)	(18,710)
Net cash flows from operating activities		2,929,335	3,845,596
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		750,001	3,763,956
Purchases of property, plant and equipment		(10,734)	(1,837,772)
Proceeds from sale of investment properties		1,127,924	565,000
Purchase of investment properties		(101,567)	(1,102,337)
Advances on investments	27	(7,799,219)	-
Projects under construction		(7,468)	(9,955)
Net cash acquired from the disposal of a subsidiary	25	4,750,000	(3,954)
Proceeds from selling of financial assets at fair value through other comprehensive income		5,746	2,109,534
Net cash flows (used in) from investing activities		(1,285,317)	3,484,472
FINANCING ACTIVITIES			
Repayments of loans		(10,888,153)	(8,215,944)
Proceeds from loans		19,982,608	3,506,348
Acquisition of non–controlling interests		3,836,294	(769,565)
Finance costs paid		(2,522,624)	(3,409,300)
Net proceeds from sale of treasury shares		57,550	2,967,343
Net cash flows from (used in) financing activities		10,465,675	(5,921,118)
Net increase in cash and cash equivalents		12,109,693	1,408,950
Cash and cash equivalents at 1 January		(1,118,795)	(2,527,745)
Cash and cash equivalents at 31 December	13	10,990,898	(1,118,795)

The attached notes from 1 to 37 form part of these consolidated financial statements

(1) GENERAL

Union Investment Corporation (the "Company") was established as a public shareholding company on 13 April 1994, with a paid in capital of JD 11,000,000 divided into 11,000,000 shares at a par value of JD 1 each, which has been increased throughout the years to become JD 50,000,000 divided into 50,000,000 shares.

The Company's objectives are to invest in all economic, industrial, manufacturing, commercial, agricultural, tourism sectors through establishing, owning or participating in establishing of investment projects in additions to investing in stocks, bonds and financial securities inside and outside Jordan.

The consolidated financial statements were approved by the Company's Board of Directors in their meeting held on 31 March 2019. The consolidated financial statements require the approval of the General Assembly.

2) BASIS OF PREPARATION AND ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION -

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on historical cost basis, except for financial assets at fair value through other comprehensive income which have been measured at fair value.

The consolidated financial statements are presented in Jordanian Dinars (JD), which represents the functional currency of the Group.

(2-2) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS -

The consolidated financial statements comprise of the Company's financial statements and its subsidiaries (together the "Group") as of 31 December 2018.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, which includes:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group 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 Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non- controlling interests.
- Derecognizes the cumulative translation differences, recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes the gain or loss resulted from loss of control.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The Company's subsidiaries along with percentage of ownership are disclosed in note (24).

(2-3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements for the year ended 31 December 2018 are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2017 except that the Group has applied the following amandments starting 1 January 2018:

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 recognized 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 impact of adopting IFRS 15 impacted the Group's accounting policy for revenue recognition as detailed below:

(a) Sale of goods
The Group contracts with customers for the sale of goods generally include performance obligations. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer generally on delivery of the goods.

This standard did not have a material impact on the Group's consolidated 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 Group 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 eliminates the use of the IAS 39 incurred loss impairment model approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

The standard eliminates the use of the IAS 39 incurred loss impairment model approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

Impairment

The adoption of IFRS 9 has fundamentally changed the Group 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 Group to record an allowance for ECLs for all debt instruments measured at amortization cost.

For all debt instruments, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

This standard did not have a material impact on the Group's consolidated 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 Group's consolidated 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 Group's consolidated 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.

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

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instrument standard, IFRS 9, before implementing IFRS 17 *insurance contracts,* which replaces IFRS 4. The amendments introduce two options for entities issuing contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Group.

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

Amendments to IAS 28 Investments in Associates and Joint Ventures - measuring investees at fair value through profit or loss.

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 Group's consolidated financial statements.

(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -

Property, plant and equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment in value. Cost represents the cost of replacement of property, plant and equipment and borrowing costs for long-term projects under construction, if recognition conditions are met. Maintenance and repair expenses are recognized in the consolidated statement of profit or loss. Depreciation (except for land) is calculated on a straight-line basis over the estimated useful lives of the assets using the following annual depreciation rates:

	%
Buildings	4
Machinery and equipment *	10
Laboratory and quality control equipment	15
Furniture and fixtures	12-25
Computers	20-25
Electronics and office equipment	12-25
Decorations	10-25
Tools	20
Vehicles	15
Others	15-20

* Some of the machinery and equipment are depreciated using the units of production method.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amounts. Impairment losses are recognised in the consolidated statement of profit or loss.

The useful lives and methods of depreciation 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 and equipment

Gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

Projects under construction

Projects under construction are stated at cost, which include the cost of design, construction, equipment and other direct expenses. Projects under construction are not depreciated until they become ready for use.

Investment properties

Properties held to earn rental or for capital appreciation purposes or held for undetermined use are considered investment properties.

Investment properties are measured at cost less accumulated depreciation and any impairment in value. Depreciation (except for land) is calculated when ready for use on a straight-line basis over the estimated useful lives using annual rates that range from 2% to 20%.

Investments in associates

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. The Group's investments in its associates are accounted for using the equity method.

The investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. The consolidated statement of profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Intangible assets

Intangible assets acquired as a result of acquisition of subsidiaries are measured at cost or fair value on the date of acquisition.

Useful lives of intangible assets are assessed as either finite or indefinite, intangible assets with finite lives are amortized over the useful economic life and is recognized in the consolidated statement of profit or loss, intangible assets with indefinite useful live are not amortized but are tested for impairment on the date of the consolidated financial statements and any impairment in value is recognized the consolidated statement of profit or loss.

Internally generated intangible assets are not capitalized and are expensed in the consolidated statement of profit or loss.

Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at acquisition date fair value and the amount of any non-controlling interests in the acquire.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

The non-controlling interests in the acquiree is recorded at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in the consolidated statement of profit or loss.

Goodwill is measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed which is recorded after deducting any accumulated impairment losses.

The excess of the Group's share in the fair value of the net assets acquired over the acquisition cost represents negative goodwill and recorded in the consolidated statement of profit or loss. The Group assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are recorded at fair value when buy plus acquisition costs and subsequently measured at fair value. Changes in fair value are reported as a separate component in the consolidated statement of comprehensive income and in the statement of equity including the change in fair value resulting from conversion differences of non-cash items of assets at foreign currencies. In case of sale of such assets or part of it, the gain or loss is recorded at the consolidated statement of comprehensive income and in the statement of changes in equity and the valuation reserve balance for sold assets will be transferred directly to retained earnings not through the consolidated statement of profit or loss.

These assets are not subject to impairment testing. Dividends are recognized in the consolidated statement of profit or loss.

Financial assets at fair value through profit and loss

These are the financial assets that are acquired by the Group for the purpose of sale in the near future and make short-term profits.

Recognition of financial assets

Sale and purchase of financial assets is recognized at transaction date.

Fair value measurement

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

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

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

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 Group 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 categorized 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 consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Raw inventories, work in progress and spare parts are stated using the weighted average cost.

Trade receivables

Accounts receivable are stated at original invoice amount less any provision for expected credit loss. The Group applies a simplified approach in calculating ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, and other short-term highly liquid investments with original maturities of three months or less which do not include the risk of the change in fair value, net of outstanding bank overdrafts.

Loans

After initial recognition, interest bearing loans are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognized in the consolidated statement of profit or loss when the liability is derecognized as well through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on a acquisition and fees or costs that forms an integral part of the effective interest rate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asst. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Accounts payable and other current liabilities

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Income tax

Income tax for the years ended 2018 and 2017 was calculated in accordance with the Income Tax Law No. (34) of 2014.

Deferred income taxation is provided using the liability method on all temporary differences at the consolidated financial statement date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted at the financial position date. The carrying values of deferred income tax assets are reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Revenue Recognition

Revenue is recognized in accordance with IFRS 15 using the fair value of the consideration received or receivable, and it is probable that it will be collected.

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

Dividends are recognized when the shareholder's right to receive payment is established.

Rental income arising leases is accrued for on a straight-line basis over the lease term and is included in other revenue in the consolidated statement of profit or loss.

Other revenues are recognized on the accrual basis.

Operating leases

The Group as a lessee: operating lease expenses are recognized in the consolidated statement of profit or loss on a straight-line basis over the lease terms.

The Group as a lessor: rental income arising from operating leases is recognized in the consolidated statement of profit or loss on a straight-line basis over the lease terms and is included in other revenue.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated statement of financial position date, based on the rates declared by the Central Bank of Jordan.

Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items measured at fair value is recognized in the consolidated statement of comprehensive income.

Transaction differences for items of non-monetary financial assets and liabilities denominated in foreign currencies (like shares) are recognized as part of the change in fair value.

Segment reporting

For the purpose of reporting to management and the decision makers in the Group, a business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Offsetting

Offsetting between financial assets and financial liabilities and presenting the net amount on the consolidated statement of financial position is performed only when there are legally-enforceable rights to offset, the settlement is on a net basis, or the realization of the assets and satisfaction of the liabilities is simultaneous.

Discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use.

Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding finance costs and income tax expense.

The criteria for non-current assets held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations.
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or;
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss.

(2-5) USE OF ESTIMATES

The preparation of the consolidated financial statements and the application of accounting policies require management to make estimates and judgments that affect the amounts of assets and liabilities and disclose potential liabilities. These estimates and judgments also affect the income, expenses and provisions and, in particular, require the Group's management to make judgments and judgments to estimate the amounts and timing of future cash flows arising from the circumstances and circumstances of those estimates in the future. These estimates are necessarily based on multiple hypotheses and factors that have varying degrees of estimation and uncertainty and actual results may differ from estimates as a result of future changes in the conditions and circumstances of those provisions.

The estimates and assumptions used in the consolidated financial statements are as follows:

- Provision for expected credit losses is made on the basis and assumptions approved by the Group's management to estimate the provision to be taken in line with IFRS 9.

- The fiscal year shall be charged for the income tax expense in accordance with the accounting regulations, laws and standards. The deferred tax assets and liabilities and tax provision are measured and recognized.

- The Group periodically recalculates the useful life of the property and equipment for the purpose of calculating annual depreciation based on the general condition of the asset and estimated future useful lives. Impairment losses are recognized as an expense in the consolidated statement of profit or loss.

- A provision is taken for legal cases raised against the Group based on legal studies prepared by the Group's legal advisors, under which future potential risks are identified these studies are reviewed on a periodic basis.

- The Group's consolidated financial statements include the financial statements of Union Land Development Company, in which the Group owns less than the majority of the voting rights. However, and as the Group owns the largest ownership percentage of 43.19%, the Group's management believes that control is achieved in accordance with IFRS 10.

(3) PROPERTY, PLANT AND EQUIPMENT

2018	Land JD	Buildings JD	Machinery and equipment* JD	Laboratory and quality control equipment JD	Furniture and fixtures JD	Computers JD	Electronics and office equipment JD	Decorations JD	Tools JD	Vehicles JD	Others JD	Total JD
Cost:												
Balance at 1 January 2018	1,428,093	16,090,505	29,765,655	361,209	138,280	450,512	581,120	98,390	508,221	1,177,132	100,985	50,700,102
Additions	-	9,729	-	-	-	435	20	-	414	-	136	10,734
Disposals	-	-	(2,683,277)	-	-	-	-	-	-	-	-	(2,683,277)
Balance at 31 December 2018	1,428,093	16,100,234	27,082,378	361,209	138,280	450,947	581,140	98,390	508,635	1,177,132	101,121	48,027,559
Accumulated depreciation:												
Balance at 1 January 2018	-	7,498,858	19,848,382	328,998	124,310	361,736	532,586	76,861	483,975	865,300	-	30,121,006
Charge for the year	-	570,903	756,910	13,391	2,766	4,571	20,530	5,994	22,670	90,314	20,059	1,508,108
Disposals	-	-	(2,600,213)	-	-	-	-	-	-	-	-	(2,600,213)
Balance at 31 December 2018	-	8,069,761	18,005,079	342,389	127,076	366,307	553,116	82,855	506,645	955,614	20,059	29,028,901
Net book value:												
As at 31 December 2018	1,428,093	8,030,473	9,077,299	18,820	11,204	84,640	28,024	15,535	1,990	221,518	81,062	18,998,658

** This category includes machinery and equipment with a cost of JD 24,832,787 which were depreciated using the units of production method.

The deprecation charge for the year is allocated as follows:

	2018 JD	2017 JD
Cost of sales (Note 18)	1,200,933	651,328
Administrative expenses (Note 19)	297,223	343,548
Selling and marketing expenses (Note 20)	9,951	7,695
	1,508,107	1,002,571

	Land	Buildings	Machinery and equipment**	Laboratory and quality control equipment	Furniture and fixtures	Computers	Electronics and office equipment	Decorations	Tools	Vehicles	Others	Total
2017	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:												
Balance at 1 January 2017	2,778,098	16,073,397	34,481,691	361,209	138,280	447,112	581,120	100,771	538,309	1,535,430	-	57,035,417
Additions	4,810	17,108	1,614,354	-	-	3,400	-	-	280	96,835	100,985	1,837,772
Disposals	(1,354,815)*	-	(6,330,390)	-	-	-	-	(2,381)	(30,368)	(455,133)	-	(8,173,087)
Balance at 31 December 2017	1,428,093	16,090,505	29,765,655	361,209	138,280	450,512	581,120	98,390	508,221	1,177,132	100,985	50,700,102
Accumulated depreciation:												
Balance at 1 January 2017	-	6,927,958	23,076,663	315,607	119,472	350,625	508,677	73,065	482,720	1,041,002	-	32,895,789
Charge for the year	-	570,900	206,250	13,391	4,838	11,111	23,909	6,177	31,623	134,372	-	1,002,571
Disposals	-	-	(3,434,531)	-	-	-	-	(2,381)	(30,368)	(310,074)	-	(3,777,354)
Balance at 31 December 2017	-	7,498,858	19,848,382	328,998	124,310	361,736	532,586	76,861	483,975	865,300	-	30,121,006
Net book value:												
As at 31 December 2017	1,428,093	8,591,647	9,917,273	32,211	13,970	88,776	48,534	21,529	24,246	311,832	100,985	20,579,096

* During the year ended 31 December 2018, the Group reduced the lands value by JD 1,354,815, representing a recovered amount relating to organizational fees previously paid to Greater Amman Municipality. The Group agreed with Greater Amman Municipality to recover part of these amounts and make an offsetting for another part which represents the Group's receivables from Greater Amman Municipality. It was also agreed that the remaining part of this amount will be considered as on property tax advances.

(4) PROJECTS UNDER CONSTRUCTION

Movement on projects under construction is as follows:

	2018	2017
	JD	JD
Balance at 1 January	3,063,443	6,903,488
Additions	7,468	9,955
Impairment of projects under construction	-	(3,850,000)
Balance at 31 December	3,070,911	3,063,443

The estimated cost to complete the projects under construction is JD 3,500,000 as at 31 December 2018. Management has not set a date for the completion of the project as of the date of these consolidated financial statements.

(5) INVESTMENT PROPERTIES

Movement on investment properties is as follows:

	2018	2017
	JD	JD
Cost -		
Balance at 1 January	60,061,986	66,138,682
Additions	101,567	1,102,337
Acquisition of a subsidiary (note 26)	3,036,284	-
Transfer to assets held for sale (note 31)	-	(6,665,516)
Disposals – lands	-	(513,517)
Ending balance for the year	63,199,837	60,061,986
Accumulated depreciation -		
Balance at 1 January	(3,110,853)	(2,687,840)
Depreciation	(423,013)	(423,013)
Ending balance for the year	(3,533,866)	(3,110,853)
Net book value-	59,665,971	56,951,133

The Group's management believes that the fair value of investment properties is approximately JD 104 millions as at 31 December 2018 (2017: JD 89 millions).

Investment properties include lands that are not registered in the Group's name as follows:

	2018	2017
	JD	JD
Lands	2,785,399	2,785,399

(6) INVESTMENT IN ASSOCIATES

The Group owns 50% of Al-Rafidain for Tobacco and Cigarettes Distribution Company, amounting to 100,000 shares. Al-Rafidain for Tobacco and Cigarettes Distribution Company is a limited liability company that was established on 6 November 2012. The Board of Directors resolved to liquidate the company in its meeting held on 14 July 2017, accordingly, the investment carrying amount was written off.

(7) INTANGIBLE ASSETS

During 2012, the Company acquired approximately 82% of Union Tobacco and Cigarettes Industries – Public Shareholding Company (a subsidiary), which resulted in intangible assets representing a trade name for cigarettes and tobacco products. Management believes that the useful life of the trade name is indefinite; therefore, it is not amortized, while it is subject to annual impairment testing or when such indicators exist.

The intangible assets details are as follows:

	2018	2017
	JD	JD
Trade name	3,647,535	3,647,535

The Company did not perform impairment testing on the intangible assets as of 31 December 2018.

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

This amount represents the Group's investments in the following companies capital:

	2018	2017
	JD	JD
Unquoted Shares / Inside Jordan		
Al-Karama for Financial Investments - PSC	80,000	80,000
Al-Mojama'at Real Estate - LTD	24,000	24,000
Al-Tajamouat for Touristic Projects - PSC	90	124
	104,090	104,124
Quoted Shares / Outside Jordan		
Al-Quds Real Estate Investments - PLC - Palestine	12,726	18,438
Al Salam Bank – Sudan	76,706	106,115
	89,432	124,553
Financial Assets – Others / Outside Jordan		
Investment funds – Capital Towers	1,740,000	1,740,000
	1,933,522	1,968,677

Unquoted financial assets are stated at cost, the Group's management believes that the fair values of these financial assets are not materially different from their cost.

Movement on fair value reserve is as follows:

	2018	2017
	JD	JD
Balance at 1 January	(448,187)	(485,003)
Change in fair value of financial assets at fair value through other comprehensive income	(29,409)	36,816
Balance at 31 December	(477,596)	(448,187)

(9) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	JD	JD
Quoted Shares / Inside Jordan		
Methaq Real Estate - PLC	57,238	38,932

(10) INVENTORIES

	2018	2017
	JD	JD
Raw materials	3,552,060	5,775,061
Work in progress	952,537	1,135,043
Finished goods	6,417,924	6,444,152
Spare parts	2,053,930	2,356,475
Inventory in transit	95,908	101,411
	13,072,359	15,812,142
Provision for slow moving inventories	(2,313,280)	(2,389,361)
	10,759,079	13,422,781

Movement on provision for slow moving inventories is as follows:

	2018	2017
	JD	JD
Balance at 1 January	2,389,361	2,389,361
Written off during the year	(76,081)	-
Balance at 31 December	2,313,280	2,389,361

(11) ACCOUNTS RECEIVABLE

	2018	2017
	JD	JD
Accounts receivable	20,804,186	26,384,605
Provision for expected credit losses	(3,087,930)	(3,040,801)
	17,716,256	23,343,804

Movement on provision expected credit losses is as follows:

	2018	2017
	JD	JD
Balance at 1 January	3,040,801	3,040,801
Provision for the year	50,000	-
Written off during the year	(2,871)	-
Balance at 31 December	3,087,930	3,040,801

As 31 December, the aging of unimpaired accounts receivable is as follow:

	Past due but not impaired		
	1-180 days	More than 180 days	Total
	JD	JD	JD
2018	6,936,638	10,779,618	17,716,256
2017	9,140,053	14,203,751	23,343,804

The management of the Group believes that unimpaired receivable are expected to be fully recoverable. The Group does not obtain any guarantees against these receivables, and thus they are unsecured.

(12) OTHER CURRENT ASSETS

	2018	2017
	JD	JD
Refundable deposits	259,137	255,147
Governmental deposits	1,616,775	1,544,369
Advances to suppliers	615,592	791,473
Employees receivables	81,002	111,242
Prepaid expenses	679,791	719,396
Others	31,315	29,376
	3,283,612	3,451,003

(13) CASH AND BANK BALANCES

	2018	2017
	JD	JD
Cash on hand	374,730	20,691
Bank current accounts	11,877,809	208,914
	12,252,539	229,605

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	2018	2017
	JD	JD
Cash and bank balances	12,252,530	229,605
Bank overdrafts (Note 16)	(1,262,138)	(1,344,446)
	10,990,392	(1,114,841)

(14) SHAREHOLDERS' EQUITY

Authorized and paid in capital -

The authorized and paid in capital amounted to JD 50,000,000 divided into 50,000,000 shares at a par value of JD 1 per share as at 31 December 2018 and 2017.

Statutory reserve -

As required by the Jordanian Companies Law 10% of the annual profit before tax is to be transferred to statutory reserve. Transfers cannot be stopped before the statutory reserve reaches 25% of the Company's authorized capital. This reserve is not available for distribution to the shareholders. However, the Board of Directors decided to stop this transfer to the statutory reserve because it reached 25% of the Company's authorized capital.

Voluntary reserve -

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of annual profit before tax. This reserve is available for distribution to the shareholders.

Treasury shares -

Treasury shares represent the cost of the Company's re-acquired shares by its subsidiaries. Number of these shares was 1,917,273 shares with a total value of JD 1,662,877 as at 31 December 2018.

(15) LOANS

		Loan installments					
		2018			2017		
	Currency	Current portion	Non current portion	Total	Current portion	Non current portion	Total
		JD	JD	JD	JD	JD	JD
Bank Al Etihad - Revolving loan (1)	JD	-	-	-	25,148	-	25,148
Bank Al Etihad - Renewal loan (2)	JD	6,806	-	6,806	443,000	-	443,000
Bank Al Etihad – Revolving loan (1)	JD	830,730	-	830,730	941,024	-	941,024
Bank Al Etihad – Revolving loan (2)	USD	2,134,912	-	2,134,912	2,122,324	-	2,122,324
Housing Bank of Trade and Finance	JD	-	-	-	158,778	-	158,778
BLOM Bank	JD	1,535,000	-	1,535,000	1,120,000	1,084,000	2,204,000
Jordan Kuwait Bank	JD	-	-	-	1,900,000	2,044,801	3,944,801
Bank Al Etihad – Reducing loan (1)	USD	2,288,652	12,143,478	14,432,130	2,288,652	13,812,140	16,100,792
Invest Bank	JD	2,281,276	13,772,246	16,053,522	-	-	-
		9,077,376	25,915,724	34,993,100	8,998,926	16,940,941	25,939,867

BANK AL ETIHAD - RENEWAL LOAN (1) – JD

During 2013, "Union Land Development PLC" (a subsidiary) obtained a renewal loan from Bank Al Etihad with an amount of JD 3,500,000 at an annual interest rate of 9.25% without commission. The loan is repayable in quarterly installments of JD 264,000 each including interest. The first installment was paid on 1 January 2014 and the last installment was paid during the first quarter of 2018.

BANK AL ETIHAD - RENEWAL LOAN (2) – JD

On 29 September 2017, the Group signed an agreement with Bank Al Etihad to reschedule an installment amounted to JD 1,266,000 which was due on 30 June 2017. This loan is repayable in two installments to be repaid fully during the year 2018.

BANK AL ETIHAD - REVOLVING LOAN (1) - JD

During 2017, Union Tobacco and Cigarettes Industries Company (subsidiary) obtained a revolving loan with a ceiling of JD 1,000,000 and an annual interest rate of 5.5% with no commission if the loan is fully paid off in 2018.The guarantees on this loan are same as those related to the declining loan from Bank Al Etihad, which is mentioned below in that disclosure.

BANK AL ETIHAD REVOLVING LOAN (2) – USD

During 2017, "Union Tobacco and Cigarette Industries PLC" (a subsidiary) obtained a revolving loan with an amount of USD 3,000,000 at an annual interest rate of 5.5% without commission. The loan was renewed during the nine months period ending 31 December 2018 to be fully repaid during the year 2018. The guarantees on this loan are same as those related to the declining loan from Bank Al Etihad which is mentioned below in that disclosure.

HOUSING BANK FOR TRADE AND FINANCE- JD

The Company obtained a bank facility in the form of a renewal cash loan with a ceiling of JD 8,000,000 at an annual interest rate of 8% without commission. The Company has reduced the loan ceiling more than once to become JD 2,750,000 at an annual interest rate of 9.25%. The loan was rescheduled to become an overdraft facility with a ceiling of JD 1,000,000 and a loan with a ceiling of JD 1,000,000 repayable over a quarterly basis. Those facilities are secured by a collateral of 1,400,000 of the Union Tobacco and Cigarettes Industries Company (subsidiary) shares in addition to 257,692 shares of Union Land Development Company (subsidiary).

BLOM BANK - JD

During 2014, the Company obtained a loan from BLOM Bank with an amount of JD 5,000,000 at a monthly interest rate of 10% without commission. The loan is repayable over a quarterly installments of JD 280,000 each except for the last installment which will be JD 240,000. Interest was amended on 12 July 2015 to become 9.5% and without commission. This loan is secured against a collateral of 4,000,000 shares of the Union Land Development Company (subsidiary), and a collateral of 2,000,000 shares of the Union Tobacco and Cigarettes Industries, in addition to a first degree mortgage with an amount of JD 6,000,000 over land No. 34 plot number 11, Hanno Sweifieh, Wadi Al-Seer form the lands of western Amman, which is registered under the name of Adam for Real Estate Investment and Project Management Company owned by Union Land Development Company (subsidiary).

JORDAN KUWAIT BANK - JD

During 2014, Union Land Development Company (subsidiary) obtained a declining loan from the Jordan Kuwait Bank amounted to JD 7,900,000 at an annual interest rate of 8% without commission for the purposes of repaying the Jordan Commercial Bank debt. The loan is repayable over semiannual installments of JD 950,000 each including interest. The first installment was due on 30 May 2015 and the last installment is due on 30 November 2019. The loan is secured by a mortgage of the first degree on a plot of land number 266 Alnaajeyah plot sector number (8) of Al Yadodeh lands.

BANK AL ETIHAD REDUCING LOAN (1) – USD

Union Tobacco and Cigarette Industries Company (subsidiary) has obtained a reducing loan in US Dollars amounted to USD 14,000,000 at an annual interest rate of 5.5% without commission repayable over 48 equal monthly installments of USD 326,000 each except for the last installment which will be due on 1 December 2018 which represents the remaining balance of the loan, and the first installment was due on 2 February 2014 and the last installment will be due on 1 January 2018.

The loan is guaranteed by the purchased shares of the Union Land Development Company (subsidiary) and the resulting dividends. The loan is also secured by a first degree real estate mortgage with an amount of JD 15,000,000 and endorsement of insurance policy in favor of the bank in the amount of JD 21,000,000.

On 12 August 2015, the declining loan was increased to become USD 17,000,000 at an annual interest rate of 5.5% less a margin of 0.25% without commission. The loan is repayable over equal monthly installments of USD 394,000 each, the first installment was due on 30 September 2015 and the last installment which represents the remaining balance the loan will be due on 30 August 2019 under the same conditions and collaterals mentioned above.

On 28 April 2016, the declining loan was increased to become USD 26,900,00 at an annual interest rate of 5.5% without commission repayable over 100 equal monthly installments of USD 269,000 each, the first installment was due on 30 May 2016 and the last installment which represents the remaining balance of the loan will be due on 30 September 2024 under the same conditions and collaterals mentioned above.

Invest Bank - JD

During the year 2018, Union Land Development Corporation (Subsidiary) received a declining loan amounting to JD 17,000,000 at an annual interest rate of 8%. The Group used the proceeds of the loan to repay loans granted from Jordan Kuwait Bank amounting to JD 3,200,000 and to settle margin accounts in the amount of JD 12,000,000 and the loans of the Company's related parties. The loan is repayable in 16 installments payable on 30 May and 30 November each year beginning from the period 30 November 2018 until the final installment payment on 30 November 2026. This loan is secured by a first degree mortgage of JD 17,000,000 on the land No. 266 and the buildings of IKEA.

The amounts of annual principal maturities of bank loans are as follows:

	JD
2020	4,388,652
2021	4,388,652
2022	4,388,652
2023 - 2024	12,749,768
	25,915,724

(16) BANK OVERDRAFTS

Financing party	Currency	Interest rate	Ceiling amount	2018	2017
			JD	JD	JD
The Housing Bank for Trade and Finance – Union Investment Corporation	JD	9%	1,000,000	1,018,269	1,015,543
Jordan Kuwait Bank – Union Land Development Corporation	JD	8%	300,000	-	63,058
Bank Al Etihad – Union Tobacco and Cigarettes Industries Company	JD	5.50%	250,000	243,869	265,845
				1,262,138	1,344,446

The Group exceeded the granted ceilings as of 31 December 2018 mainly due to accrued interest.

THE HOUSING BANK FOR TRADE AND FINANCE - UNION INVESTMENT CORPORATION -

This facility is guaranteed by a mortgage of 1,400,000 shares of the Union Tobacco and Cigarettes Industries Company (subsidiary) and 257,692 shares of the Union Land Development Corporation (subsidiary).

JORDAN KUWAIT BANK - UNION LAND DEVELOPMENT COMPANY –

This facility is guaranteed with the same guarantees mentioned in (note 15) Jordan Kuwait Bank-JD.

BANK AL ETIHAD - UNION TOBACCO AND CIGARETTES INDUSTRIES COMPANY -

This facility is guaranteed with the same guarantees mentioned in (note 15) Bank al Etihad – Redcuing loan (1) – USD.

(17) TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2018	2017
	JD	JD
Accounts payable	15,421,257	20,677,475
Financial brokers payables*	10,147,964	8,654,790
Deferred revenues	1,022,442	1,304,219
Shareholders deposits	882,126	1,548,089
Accrued expenses	1,142,569	1,010,564
Sales tax deposits	1,108,352	622,630
Miscellaneous provisions	1,631,418	2,470,714
Accrued interest	275,254	361,615
Employee payables	110,664	106,716
Others	8,563	38,073
	31,750,609	36,794,885

* The financial broker's payables bears interest rate ranging from 10.5% to 12.25% annually.

(18) COST OF SALES

	2018	2017
	JD	JD
Cost of materials used in production	8,813,129	8,223,533
Salaries, wages and others	1,148,101	1,352,412
Depreciation (Note 3)	1,200,933	651,328
Maintenance	101,934	76,363
Electricity, water and fuel	185,645	214,901
Employees' meals and hospitality	27,995	41,396
Vehicles expenses	59,996	48,308
Damaged materials	3,360	451
Fees and licenses	35,106	43,293
Cleaning	13,317	13,786
Insurance	345,665	339,283
Samples	4,206	-
Stationery and printing	4,146	4,015
Others	67,562	58,128
	12,011,095	11,067,197

(19) ADMINISTRATIVE EXPENSES

	2018	2017
	JD	JD
Salaries, wages and others	1,612,861	1,647,882
Depreciation (Note 3)	297,223	343,548
Professional fees and consultancy	167,812	145,749
Fees and licenses	251,517	508,172
Postage and telephone	41,119	48,946
Advertisements	1,075	3,275
General Assembly meeting expenses	2,459	10,277
Rent	91,050	136,782
Water and electricity	138,479	78,654
Transportation	28,081	45,031
Stationery and printings	8,154	18,956
Vehicles expenses	34,925	54,025
Insurance	78,342	107,793
Maintenance	8,906	14,035
Cleaning	3,183	2,272
Hospitality	17,915	20,360
Gifts and donations expenses	1,473	1,756
Others	70,575	162,170
	2,855,149	3,349,683

(20) SELLING AND MARKETING EXPENSES

	2018	2017
	JD	JD
Salaries and wages	77,248	92,493
Export expenses	1,242,700	777,718
Trademark expenses	5,790	1,467
Depreciation (Note 3)	9,951	7,695
Others	101,636	74,598
	1,437,325	953,971

(21) BASIC AND DILUTED LOSS PER SHARE

	2018	2017
Loss for the year attributable to equity holders of the Parent (JD)	(1,248,868)	(4,231,484)
Weighted average number of shares (Share)	48,387,765	48,337,123
Basic loss per share attributable to equity holders of the Parent (JD / Fils)	(0/026)	(0/088)

The diluted loss per share equals the basic loss per share.

(22) NON-CONTROLLING INTERESTS

This item represents the subsidiaries net shareholders equity after deducting the direct shares of the parent company and the indirect shares through its subsidiaries.

During 2018, the Company acquired non-controlling interests of 769,565 shares for JD 770,259.

(23) INCOME TAX

Income tax -

Income tax presented in the consolidated statement of profit or loss is as follows:

	2018	2017
	JD	JD
Income tax expense for the year	41,423	39,268
Prior years income tax expense	112,624	279,269
	154,047	318,537

Movement on provision for income tax is as follows:

	2018	2017
	JD	JD
At 1 January	999,785	699,958
Income tax expense for the year	41,423	39,268
Prior years income tax expense	112,624	279,269
Income tax paid	(128,822)	(18,710)
At 31 December	1,025,010	999,785

Income tax provision for the years ended at 31 December 2018 and 2017 was calculated in accordance with the Income Tax Law No. (34) of 2014.

The Income Tax Department reviewed the accounting records of the Group and its subsidiaries until the year 2012.

The Income Tax Department did not review the Group records for the years 2013, 2014, 2015 and 2017 up to the date of these consolidated financial statements except for the subsidiary (Union Tobacco and Cigarettes Industries Company) in which the Income Tax Department reviewed its records until the year 2015 without issuing a final clearance yet.

Union Land Development Corporation

The Income Tax Department reviewed the accounting records of the Group and its subsidiaries until the year 2012.

The Income Tax Department did not review the Group records for the years 2013, 2014, 2015, 2016 and 2017 up to the date of these consolidated financial statements.

Union Tobacco and Cigarette Industries

The Company reached a final settlement with the Income Tax Department up to the year 2012. The Income Tax Department reviewed the accounting records of the Company and its subsidiaries until the end of the year 2015 without issuing a final clearance yet until the date of these consolidated financial statements.

The Income and Sales Tax Department did not review the Group's accounting records for the years 2016 and 2017 up to the date of these consolidated financial statements.

(24) RELATED PARTIES

The consolidated financial statements include the financial statements of the Company and its subsidiaries:

	Paid In capital	Major activity	Percentage of ownership
	JD		%
Al Failaq Housing LLC	5,000	Land development	100
Union Tobacco and Cigarettes Industries and its subsidiaries:	15,083,657	Production of tobacco and cigarettes	83.1
- Al Aseel for Marketing of Masel and Cigarettes	100,000	Marketing	100
- Union for Advanced Industries	100,000	Marketing	100
- Union Tobacco and Cigarettes Industries Company – Iraqi Branch	-	Marketing	100
Union Land Development Corporation and its subsidiaries:	42,065,129	Investment properties	44.05
- Nibal Housing Company LLC	30,000	Land development	100
- Paradise Contracting LLC	50,000	Contracting	100
- Adam Investment Company LLC	30,000	Investment properties	100
- Paradise Architectural Industries LLC	100,000	Architecture	100
- Thiban Real Estate LLC	30,000	Land development	100
- Al Mahila Real Estate LLC	1,000	Land development	100
- Al Amiri Real Estate Investments LLC	1,000	Land development	100
- Al Farait Real Estate Investments LLC	1,000	Land development	100
- Al Ghuzlanieh Real Estate Investments LLC	1,000	Land development	100
- Dhaba'a Real Estate LLC	1,000	Land development	100
- Taj Al-Madina For Housing LLC (note 26)	50,000	Land development	100

Related parties include associates, major shareholders, Board of Directors members, executive management, as well as companies controlled or significantly influenced directly or indirectly, by those entities.

The following is a summary of the benefits (salaries, bonuses and other benefits) of the key management of the Group:

	2018	2017
	JD	JD
Salaries, bonuses and other benefits	339,370	465,174

(25) DISPOSAL OF A SUBSIDIARY

The Group sold the entirety of its share in its subsidiary "Al Tajamouat Real Estate LLC during the period ended 30 September 2018. The Group used to own 97.5% from that company before the selling transaction. The gain from the selling transaction amounted to JD 2,808,326.

The business results as of the loss of control date are as follows:

	30 September 2018	31 December 2017
	JD	JD
Gain on sale of investment properties	2,808,326	-
General and administrative expenses	-	(3,760)
Profit (loss) from discontinued operations	2,808,326	(3,760)

The book value of assets and liabilities that were recognized and derecognized on the date of sale are as follows:

	Net book value on date of sale	31 December 2017
	JD	JD
Assets -		
Cash on hand and at banks	3,229	3,954
Investment properties	6,740,516	6,665,516
Total assets	6,743,745	6,669,470
Liabilities -		
Other current liabilities	4,581	4,581
Due to related parties	161,050	161,050
Total liabilities	165,631	165,631
Net book value for the assets associated with the disposal	6,578,114	6,503,839

The details of the selling price of that company are as follows:	
Cash received	4,750,000
Account receivable	1,600,000
Net assets – Taj Al-Madina For Housing LLC (Note 26)	3,036,440
	9,386,440
Net book value for the assets associated with the disposal	(6,578,114)
Gain from the sale of the subsidiary	2,808,326

(26) PURCHASE OF A SUBSIDIARY

On 17 May 2018 the Group acquired 100% of the paid in capital of "Taj Al-Madina For Housing LLC" which is a company specialized in the purchase and development of investment properties. The Group acquired this company in addition to receiving cash of JD 4,750,000 and an account receivable amounted to JD 1,600,000 in return of selling its subsidiary "Al Tajamouat Real Estate LLC" (note 25).

The fair value of the assets and liabilities of Taj Al-Madina For Housing LLC at the date of acquisition and the book values immediately before the acquisition date are as follows:

	Fair value	Book value
	JD	JD
Investment properties (note 5)	3,036,284	3,662,740
Cash on hand and at banks	156	156
	3,036,440	3,662,896
Net assets	3,036,440	3,662,896
Net assets acquired	3,036,440	
Cash paid	-	

Cash acquired from the subsidiary	156
Cash paid	-
Net cash acquired from the acquisition of the subsidiary	156

(27) ADVANCES ON INVESTMENTS

The Group has established a branch in Iraq on 15 April 2018, under registration number 5252 according to the regulations of the Iraqi Foreign Companies Act number (2) of 2017 in which this branch established a factory in Iraq, under the name of Al-Fiddiya Tobacco and Cigarettes Industries LLC with a share capital of IQD 5,000,000,000 which is equivalent to JD 3,008,500, the Group's owns 50% of the share capital of Al-Fiddiya Tobacco and Cigarettes Industries LLC which is equivalent to JD 1,504,250, noting that the Group exerts majority control over Al-Fiddiya Tobacco and Cigarettes Industries LLC. The Group has financed the factory for establishing purposes during the year ended 31 December 2018 with an amount of JD 3,299,219.

During the third quarter of the year 2018, the Group has also contributed an amount of JD 4,500,000 to establish a new branch located in Baghdad under the name of Union Tobacco and Cigarettes Industries (Baghdad) in which the Group owns 100% of the share capital of that branch.

(28) RESTATEMENT OF PRIOR YEARS FIGURES

Some of 2017 consolidated financial statements figures have been reclassified in order to correspond with the presentation of the 2018 consolidated financial statements. The reclassification has had an effect on the net equity for the year 2017.

Some of 2017 consolidated financial statements figures and prior years figures were restated after the Group has recognized an impairment loss of JD 3,850,000 related to its projects under construction.

The effects of the restatement on the Group's consolidated statement of financial position and consolidated statement of changes in equity as at 31 December 2017 and 1 January 2017 are as follows:

	31 December 2017	1 January 2017
	JD	JD
Equity-		
Accumulated losses	(3,850,000)	(3,850,000)
Non-current assets -		
Projects under construction	(3,850,000)	(3,850,000)

(29) OPERATING SEGMENTS

The presentation of key segments is determined on the basis that the risks and rewards relating to the Group are materially affected by the difference in the products or services of those segments. These segments are organized and managed separately by the nature of the services and products, each of which is a separate unit and is measured according to reports used by the Group's Chief Executive Officer and Chief Decision Maker.

The Group is organized for administrative purposes through the following sectors:

- Tobacco and Cigarettes.
- Carton Production.
- Investments in shares: represent investments in shares and associates.
- Real Estates: Purchase of lands for the purpose of increasing its value.

The Group's management monitors the results of business segments separately for performance evaluation purposes. Segment performance is evaluated based on operating profit or loss for each segment.

A geographical segment is associated with the provision of products or services in a specific economic environment that is subject to risks and rewards that differ from those in other economic environments. All operating segments are linked in one geographical sector.

Revenues, profits, assets and liabilities by business sector are as follows:

	Tobacco and cigarettes	Investments in shares	Real estates	Total
	JD	JD	JD	JD
For the year ended 31 December 2018-				
Revenues:				
Revenues	12,255,370	70,454	2,833,127	15,158,951
Results:				
(Loss) profit for the year	(4,550,143)	(4,961,332)	3,498,190	(6,013,285)
Other segment information:				
Deprecation	(1,438,081)	(683)	(492,357)	(1,931,121)
Finance costs	(1,764,545)	(1,258,781)	(791,922)	(3,815,248)
For the year ended 31 December 2017-				
Revenues:				
Revenues	11,957,001	-	3,381,465	15,338,466
Results:				
(Loss) profit for the year	(3,677,419)	(1,747,916)	1,166,866	(4,258,469)
Other segment information:				
Deprecation	(915,020)	(1,103)	(509,461)	(1,425,584)
Finance costs	(1,668,064)	(1,312,155)	(495,783)	(3,476,002)
As at 31 December 2018-				
Segment assets and liabilities				
Segment assets	55,337,607	24,262,181	59,597,728	139,197,516
Segment liabilities	45,610,357	6,951,872	16,468,628	69,030,857
As at 31 December 2017-				
Segment assets and liabilities				
Segment assets	59,927,115	24,741,302	52,644,352	137,312,769
Segment liabilities	45,569,905	9,862,809	9,811,900	65,244,614

(30) MATERIAL PARTIALLY OWNED SUBSIDIARIES

The financial information of partly owned subsidiaries in which the non–controlling interests are significant are as follows:

	Country of incorporation	Nature of activity	Non–controlling interests share 2018	Non–controlling interests share 2017
			JD	JD
Union Land Development Corporation	Jordan	Services	55.45%	56.81%
Union Tobacco and Cigarettes Industries Company	Jordan	Industrial	23.07%	18.76%

Cumulative balance of non–controlling interests is as follows:

	2018	2017
	JD	JD
Union Land Development Corporation	27,936,416	27,758,556
Union Tobacco and Cigarettes Industries Company	11,054,598	6,298,434
Total	38,991,014	35,056,990

Non–controlling interests share of profit (loss) are as follows:

	2018	2017
	JD	JD
Union Land Development Corporation	382,530	662,839
Union Tobacco and Cigarettes Industries Company	(1,049,593)	(689,824)
Total	(667,063)	(26,985)

Below is a summary of financial information of subsidiaries (before elimination of transactions and balances with subsidiaries) which the non–controlling interests own significant rights in:

	Union Tobacco and Cigarettes Industries Company	Union Land Development Corporation
Continuing Operations	JD	JD
Summary of statement of profit or loss for 2018		
Net sales	12,255,370	2,833,127
Cost of sales	(12,011,095)	(519,074)
Selling and distribution expenses	(1,437,325)	-
Administrative expenses	(1,894,646)	(618,336)
Other revenues (expenses), net	302,098	(59,884)
Finance costs	(1,764,545)	(791,922)
(Loss) profit before tax	(4,550,143)	843,911
Income tax expense for the year	-	(41,423)
Prior years income tax expense	-	(112,624)
(Loss) profit for the year	(4,550,143)	689,864
Discontinued Operations		
Profit for the year from discontinued operations	-	2,808,326
Loss (profit) for the year	(4,550,143)	3,498,190
Attributable to:		
Equity holders of the parent	(3,500,426)	2,691,158
Non-controlling interests	(1,049,717)	807,032
	(4,550,143)	3,498,190

	Union Tobacco and Cigarettes Industries Company	Union Land Development Corporation
Summary of statement of profit or loss for 2017	JD	JD
Net sales	11,957,001	3,381,465
Cost of sales	(11,067,197)	(979,252)
Selling and distribution expenses	(953,971)	-
Administrative expenses	(2,312,671)	(638,014)
Other revenues (expenses), net	646,752	(62,282)
Finance costs	(1,668,064)	(495,783)
(Loss) profit before tax	(3,398,150)	1,206,134
Income tax expense for the year	-	(39,268)
Prior years income tax expense	(279,269)	-
(Loss) profit for the year	(3,677,419)	1,166,866
Attributable to:		
Equity holders of the parent	(2,987,595)	504,027
Non-controlling interests	(689,824)	662,839
	(3,677,419)	1,166,866

Summary of statement of financial position as of 31 December 2018:

	Union Tobacco and Cigarettes Industries Company	Union Land Development Corporation
	JD	JD
Current assets	34,548,054	20,224,228
Non-current assets	32,217,242	51,085,408
Current liabilities	(35,531,013)	(4,760,515)
Non-current liabilities	(12,143,478)	(13,772,246)
Total equity	19,090,805	52,776,875
Attributable to:		
Equity holders of the parent	14,686,556	23,512,098
Non-controlling interests	4,404,249	29,264,777
	19,090,805	52,776,875

Summary of statement of financial position as of 31 December 2017:

	Union Tobacco and Cigarettes Industries Company	Union Land Development Corporation
	JD	JD
Current assets	43,104,864	5,674,003
Non-current assets	27,659,371	58,533,970
Current liabilities	(31,757,765)	(7,767,099)
Non-current liabilities	(13,812,140)	(2,044,801)
Total equity	25,194,330	54,396,073
Attributable to:		
Equity holders of the parent	20,457,796	23,499,104
Non-controlling interests	4,736,534	30,896,969
	25,194,330	54,396,073

Summary of statement of cash flows for the year ended 31 December 2018:

	Union Tobacco and Cigarettes Industries Company	Union Land Development Corporation
	JD	JD
Operating activities	10,577,566	(2,248,490)
Investing activities	(6,890,733)	3,292,480
Financing activities	(3,530,913)	10,930,522
Net increase in cash and cash equivalents	155,920	11,974,512

Summary of statement of cash flows for the year ended 31 December 2017:

	Union Tobacco and Cigarettes Industries Company	Union Land Development Corporation
	JD	JD
Operating activities	614,929	197,360
Investing activities	1,477,434	3,028,932
Financing activities	(841,090)	(3,115,497)
Net increase in cash and cash equivalents	1,251,273	110,795

(31) NON–CURRENT ASSETS HELD FOR SALE

On 29 November 2017, the Group signed an agreement to sell carton production segment for an amount of JD 7,525,000. The selling price is divided into the following:

1) Cash of JD 5,267,000
2) Inventories with an amount of JD 2,258,000

During January 2018, an amount of JD 5,267,000 was received after deducting the sales tax of JD 361,280, applicable on inventories to be received.
Inventories will be supplied in accordance with the agreement signed on 26 January 2018 over the following periods:

1) An amount of JD 1,800,000 for the period from the date of signing the agreement until 1 February 2018.
2) An amount of JD 458,000 after 1 February 2018.

The Group has recognized a gain from the sale of non-current assets held for sale amounted to JD 3,826,146.

(32) CONTINGENT, CONTRACTUAL AND CAPITAL COMMITMENTS

At the date of the consolidated financial statements, the Group has letters of guarantee amounted to JD 2,118,074 (2017: JD 2,132,244).

(33) LAWSUITS RAISED BY AND AGAINST THE GROUP

As at 31 December 2018, the Group was defendant in number of lawsuits in its normal course of business amounted to JD 18,029,735 (2017: JD 14,315,381). The Group's management and its legal counsel believe that the Group will not have any material obligations in respect of these lawsuits.

As at 31 December 2018, the Group was a claimant in number of lawsuits in its normal course of business amounted to JD 64,081 (2017: JD 64,081). These claims have arisen in the normal course of business as a result of trade receivables.

(34) RISK MANAGEMENT

Interest rate risk -

The Group is exposed to interest rate risk on its floating interest bearing assets and liabilities such as bank overdrafts and loans.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss reasonable possible changes in interest rates as of 31 December, with all other variables held constant.

2018	Increase in interest rate	Effect on loss for the year before tax
Currency	(Basis points)	JD
JD	50	92,040
USD	50	82,835

2017	Increase in interest rate	Effect on loss for the year before tax
Currency	(Basis points)	JD
JD	50	33,010
USD	50	91,116

The effect of decrease in interest rate is expected to be equal and opposite to the effect shown above.

Equity price risk -

The following table demonstrates the sensitivity of the consolidated statement of profit or loss, fair value reserve, consolidated statement of other comprehensive income and shareholders' equity due to the possible reasonable changes in share prices, with all other variables held constant:

2018-

Index	Change in index	Effects on loss before tax	Effect on consolidated statement of comprehensive income, fair value reserve and shareholders' equity
	(%)	JD	JD
Dubai Stock Exchange	15	-	11,506
Amman Stock Exchange	15	8,099	1,909

2017-

Index	Change in index	Effects on loss before tax	Effect on consolidated statement of comprehensive income, fair value reserve and shareholders' equity
	(%)	JD	JD
Dubai Stock Exchange	15	-	15,917
Amman Stock Exchange	15	5,840	-
Palestine Stock Exchange	15	-	2,766

The effect of the decrease in index is expected to be equal and opposite to the effect shown above.

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 Group seeks to limit its credit risk with respect to customers by setting credit limits for customers and by monitoring outstanding receivables. In addition, the Group seeks to limit its credit risk by dealing with reputable banks only.

Liquidity risk -

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates:

	Less Than 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
31 December 2018 -	JD	JD	JD	JD	JD
Loans	3,777,289	6,169,353	22,730,723	6,514,315	39,191,680
Trade payable and other current liabilities	-	38,335,613	-	-	38,335,613
Bank overdrafts	1,262,138	-	-	-	1,262,138
Total	5,039,427	44,504,966	22,730,723	6,514,315	78,789,431
31 December 2017 -					
Loans	5,627,961	4,941,265	14,427,506	4,207,067	29,203,799
Trade payable and other current liabilities	-	36,960,516	-	-	36,960,516
Bank overdrafts	1,455,511	-	-	-	1,455,511
Total	7,083,472	41,901,781	14,427,506	4,207,067	67,619,826

Currency risk -

Most of the Group's transactions are in Jordanian Dinars and US Dollars. The Jordanian Dinar exchange rate is fixed against the US Dollar (US $1.41 for JD 1), and accordingly the Group is not exposed to significant currency risk.

(35) Fair Value of FINANCIAL INSTRUMENTS

Financial instruments include financial assets and financial liabilities.

Financial assets comprise cash and bank balances, trade receivables, financial assets at fair value through other comprehensive income, due from related parties and some other current assets.

Financial liabilities comprise of trade payables, loans, due to related parties, bank overdrafts and some other current liabilities.

The following table illustrates the fair value measurement of financial assets and liabilities of the Group.

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

	Level 1	Level 3	Total
	JD	JD	JD
2018 -			
Financial assets at fair value through other comprehensive income	89,432	1,844,090	1,933,522
2017 -			
Financial assets at fair value through other comprehensive income	124,553	1,844,124	1,968,677

(36) CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a credit rating and capital ratios in order to support its business and maximise shareholders value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or procedures during the current year and the prior year.

Capital comprises of paid in capital, statutory reserve, voluntary reserve, treasury shares, fair value reserve, other reserves and accumulated losses, and is measured at JD 31,175,645 as at 31 December 2018 (2017: JD 33,161,165)

(37) 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 Group's consolidated financial statements are disclosed below. The Group 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 Group 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 Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Group will adopt IFRS 16 using the modified retrospective approach. During 2018, the Group has performed a detailed impact assessment of IFRS 16. The Group does not expect that there will be a material impact on the consolidated financial statements as a result of adopting IFRS16.

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 1January 2019, but certain transition reliefs are available.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

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

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 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

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.