KAWAR SOLAR INVESTMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
Register number: 09094448

KAWAR SOLAR INVESTMENTS LIMITED

FOR THE YEAR ENDED ON DECEMBER 31, 2018

Contents

KAWAR SOLAR INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended December 31, 2018.

Principal activities
The company is an investment holding company.

Dividends
The directors have not recommended dividends in respect of the year (2017: USD nil).

Political contributions
The company made no political donations or incurred any political expenditure during the year.

Directors
The directors, who served throughout year and up to date of this report were:

Rudain Tawfiq Amin Kawar
Karim Tawfiq Amin Kawar

Small company's exemption
The company has taken the small companies exemption in relation to the preparation of a strategic report.

Disclosure of information to the auditor
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor
Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to reappointed and KPMG LLP will therefore continue in office.

By order of the board

Karim Tawfiq Amin Kawar
Director

Winnington House, 2 Woodberry Grove,
North Finchley, London
England, N12 0DR
17 September 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KAWAR SOLAR INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Kawar Solar Investments Limited ("the company") for the year ended 31 December 2018 which comprise the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, and related notes, including the accounting policies in notes 3 and 4.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KAWAR SOLAR INVESTMENTS LIMITED (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

N. Hughes

Neil Hughes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Reading RG7 4SD

18 September 2019

KAWAR SOLAR INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

US Dollar	Note	As of December 31, 2018	As of December 31, 2017 Restated (note 4g)	As of January 1, 2017 Restated (note 4g)
Assets				
Non-current Assets				
Bank deposit	5	817,139	3,360,890	4,316,922
Due from related parties	6-1	149,743	2,100,593	5,177,141
Investment in associate Company	7	6,628,002	6,628,002	6,628,002
Prepaid expenses		-	-	3,000
Total non-current assets		**7,594,884**	**12,089,485**	**16,125,065**
Current Assets				
Cash and cash equivalents	5	30,255	759	7,822
Due from related parties	6-1	2,498,245	1,950,000	727,715
Total current assets		**2,528,500**	**1,950,759**	**735,537**
Total Assets		**10,123,384**	**14,040,244**	**16,860,602**
Liabilities and Equity				
Liabilities				
Current liabilities				
Other credit balances		57,219	51,680	59,902
Due to related party	6-2	-	1,903,010	2,805,758
Loan from a related party	6-3	9,320,000	10,880,000	12,440,000
Total current liabilities and total liabilities		**9,377,219**	**12,834,690**	**15,305,660**
Equity				
Paid-up capital	1	2	2	2
Accumulated losses		(1,765,064)	(1,305,675)	(956,287)
Capital contribution	8	2,511,227	2,511,227	2,511,227
Total equity		**746,165**	**1,205,554**	**1,554,942**
Total liabilities and equity		**10,123,384**	**14,040,244**	**16,860,602**

These financial statements were approved by the board of directors on 17 September 2019 and were signed on its behalf by:

Karim Tawfiq Amin Kawar
Director

Company registered number: 09094448

The accompanying notes from page (9) to (18) are an integral part of these financial statements.

KAWAR SOLAR INVESTMENTS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

US Dollar	Note	For the year ended December 31, 2018	2017
Interest income	9	105,050	292,610
Administrative expenses	10	(32,459)	(54,528)
Finance expense	11	(531,980)	(587,470)
Loss for the year before tax		**(459,389)**	**(349,388)**
Tax expenses		-	-
Loss for the year after tax		**(459,389)**	**(349,388)**
Other comprehensive income		-	-
Total comprehensive expense for the year		**(459,389)**	**(349,388)**

The accompanying notes from page (9) to (18) are an integral part of these financial statements.

KAWAR SOLAR INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

US Dollar	Paid-up capital	Accumulated losses	Capital Contribution	Total
For the year ended December 31, 2018				
Balance as of January 1, 2018	2	(1,305,675)	2,511,227	1,205,554
Loss for the year	-	(459,389)	-	(459,389)
Balance as of December 31, 2018	**2**	**(1,765,064)**	**2,511,227**	**746,165**
US Dollar				
For the year ended December 31, 2017				
Balance as of January 1, 2017	2	(956,287)	2,511,227	1,554,942
Loss for the year	-	(349,388)	-	(349,388)
Balance as of December 31, 2017	**2**	**(1,305,675)**	**2,511,227**	**1,205,554**

The accompanying notes from page (9) to (18) are an integral part of these financial statements.

KAWAR SOLAR INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

US Dollar	Note	For the year ended December 31, 2018	2017 Restated (note 4g)
Cash flows from operating activities:			
Loss for the year		(459,389)	(349,388)
Change in :			
Other credit balances		5,539	(8,222)
Prepaid expenses		-	3,000
Net cash (used in) operating activities		**(453,850)**	**(354,610)**
Cash flows from investing activities:			
Bank deposits	5	2,543,751	956,032
Due from related parties	6-1	1,402,605	1,854,263
Net cash from investing activities		**3,946,356**	**2,810,295**
Cash flows from financing activities:			
Repayments of related party loan	6-2	(1,903,010)	(902,748)
Repayment of related party loan	6-3	(1,560,000)	(1,560,000)
Net cash from financing activities		**(3,463,010)**	**(2,462,748)**
Net change in cash and cash equivalents		29,496	(7,063)
Cash and cash equivalents as of beginning of period		759	7,822
Cash and cash equivalents as of year end	**5**	**30,255**	**759**

The accompanying notes from page (9) to (18) are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1) GENERAL

KAWAR SOLAR INVESTMENTS LIMITED (''The Company'') was established and registered as a Private Limited Company at the company's registration office for England and Wales under number 09094448 and with paid in capital of 2 Ordinary A shares of GBP 1 each on June 19, 2014.

2) Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS") and they present the Company's equity and financial position as at December 31, 2018 and the result of its operations, the changes in net equity and cash flows for the year ended December 31, 2018.

(b) Basis of measurement

The financial statements have been prepared based on the historical cost and fair value for relevant assets and liabilities.

(c) Functional and presentation currency

The Company's functional currency is the US dollar, being the currency of the primary economic environment in which the Company operates. The financial statements are presented in US dollar.

(d) Use of estimates and Judgments

d-1) Judgments:

The preparation of financial statements in conformity with EU IFRS requires management to make judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The most critical judgments in preparing the financial statements are:

- Management assesses the terms and substance of assets and liabilities to determine whether they should be classified as current or long term.

d-2) Assumptions and Estimation Uncertainties:

The assumptions and estimates made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are:

- Management assesses the recoverable amount of the investment in associate company to determine whether there is any impairment.

Actual results may differ from these estimates.

(e) Fair value measurement

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. The directors have overall responsibility for overseeing all significant fair value measurement, including level 3 fair values. Fair values are categorized into difference levels in a fair value hierarchy, as set out in Note 12.

(f) Going concern

Notwithstanding net current liabilities of USD 6,848,719 as at December 31, 2018, a loss for the year then ended of USD 459,389 and operating cash outflows for the year of USD 453,850, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of twelve months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through receipts from receivables due from related parties and funding from its immediate parent, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Amin Kawar and Sons Company seeking repayment of principal of only USD 1,560,000 during the next twelve months and Kawar Holding Co. settling its receivable and providing additional financial support during that period. For the period covered by the forecasts, Amin Kawar and Sons Company has indicated its intention to seek repayment of principal of only USD 1,560,000 and Kawar Holding Co. has indicated its intention to make available such funds as are needed by the company. As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that they will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

3) ACCOUNTING POLICIES

The accounting policies applied by the Company in these financial statements for the year ended 31 December 2018 are the same as those applied by the Company in its financial statements for the year ended 31 December 2017, except for the following amendments to existing standards, effective for annual periods beginning on or after 1 January 2018, that have been applied by the Company:

- International Financial Reporting Standard 9 Financial Instrument: defines requirements for the recognition and measurement of both financial assets and liabilities and certain contracts for the purchase or sale of non-financial items. This standard is considered as substitute of IAS 39 (Recognition and Measurement). Further detail on the changes made as a result of the application of IFRS 9 are set-out below.

- International Financial Reporting Standard 15 Revenue from Contracts with Customers: establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Further detail on the changes made as a result of the application of IFRS 15 are set-out below.

The following new standard has been issued but not yet applied in these financial statements:

-International Financial Reporting Standard 16 Leases.

IFRS 16 will first apply to the company for the year ending 31 December 2019. No impact on the financial statements of the Company is expected as a result of applying IFRS 16.

- IFRS 9 Financial Instruments (Policy applicable from 1 January 2018):

A. Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities but eliminates the classification of held-to-maturity financial assets, loans and receivables and available-for-sale assets that fall under the criteria of IAS 39.

Financial Assets

Under IFRS 9, on initial recognition, a financial asset is measured at amortised cost; fair value through other comprehensive income – debt investment; fair value through other comprehensive income – equity investment; or fair value through profit or loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect future cash flows.

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

-It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

-On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss and other comprehensive income This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss and other comprehensive income if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at 1 January 2018.

In US Dollar	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortized cost	759	759
Bank deposits	Loans and receivables	Amortized cost	3,360,890	3,360,890
Due from related parties	Loans and receivables	Amortized cost	4,050,593	4,050,593

All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships.

Financial liabilities

The adoption of IFRS 9 has no material impact on the Company's accounting policies relating to financial liabilities. IFRS 9 has maintained the requirements of IAS 39 regarding the classification of financial liabilities. IAS 39 requires recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss in the statement of profit or loss, whereas IFRS 9 requires:

-Recognition of differences in valuation of financial liabilities classified as financial liabilities at fair value through statement of profit and loss as a result of changes in credit risk in the statement of comprehensive income.

-The remaining amount of fair value valuation differences is recognized in the statement of profit or loss.

The Company has not classified any financial liabilities in financial liabilities at fair value through profit or loss. Accordingly, there is no impact of applying IFRS 9 to the financial statements.

B. Impairment of financial assets

IFRS 9 replaces the "loss recognition" model adopted in IAS 39 to calculate the impairment of financial assets over "expected credit loss" model, which requires the use of estimates and judgments to estimate economic factors. The model will be applied to financial assets - debt instruments classified at amortised cost or at fair value through other comprehensive income but not to investments in equity instruments. Where credit losses are recognized in accordance with IFRS 9, which is earlier than IAS 39.

Under IFRS 9, impairment loss is measured on either of the following bases:

-12 months ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date.
-Lifetime ECLs: These ECLs result from all possible default events over the expected life of a financial instrument.
The Company measures impairment allowances equal to expected credit losses within 12 months if these assets are classified as Tier 1 and have the following characteristics:
-Debt securities that are determined to have low credit risk at the reporting date.
-Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The expected impairment of the life of the financial instrument to maturity is calculated in the event of a significant increase in credit risk. The expected credit loss model requires recognition of the expected loss over the life of the asset debt instruments are very similar to the requirements of IAS 39.

When determining whether the credit risk of financial assets has increased significantly since initial recognition and in estimating the expected credit loss, the Company relies on reasonable and supportive information available and relevant, including quantitative and qualitative information and analysis of this information based on the Company's past experience and credit study.

The Company considers financial assets to be impaired when the borrower likely be unable to pay its credit obligations to the Company without recourse to the procedures for using the collateral held against such obligations (if any).

The expected credit loss calculation mechanism depends on the (probability of default), which is calculated according to the credit risk and future economic factors, (loss given default), which depends on the value of the existing collateral, the (exposure at default), the expected credit loss is discounted at the effective interest rate of the financial asset.

At each financial period, the Company evaluates the credit rating of financial assets at amortised cost and debt securities at fair value through other statement of comprehensive income. The credit rating of financial assets is considered to be impaired when one or more events that have a negative impact on the estimated future cash flows of the financial asset occur.

Provisions loss for financial assets measured at amortised cost are deducted from the total carrying amount of the financial asset. For debt securities at fair value through other comprehensive income, the provision for impairment is recognized in statement of other comprehensive income and is not deducted from the carrying amount of the financial asset. The losses of other financial assets are presented under 'Financing expenses' in the same manner of disclosure used in accordance with IAS 39. Such disclosure is not included in the statement of profit or loss and other statement of comprehensive income based on material considerations.

There is no significant impact of applying IFRS 9 on the financial statements of the Company.

- IFRS 15 Revenue from Contracts with Customers (Policy applicable from 1 January 2018)
IFRS (15) Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognized.

The application of this standard did not have an effect on the financial statements of the Company.

4) The followings are the most significant accounting policies:

(a) Offsetting

Financial liabilities are set off against financial assets, and the net amount is shown in the financial position only when the obligating legal rights are available and when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

(b) Finance expenses

Finance expenses comprise the interest expense on the related party loan and bank commissions. All borrowing costs are recognized in the statement of profit or loss and other comprehensive income using the effective interest method.

(c) Date of recognition of financial assets

Purchase and sale of financial assets are recognized on the trading date (the date of Company's commitment to sell or buy financial assets).

(d) Finance income and finance costs

Finance income comprises interest income from shareholder loans and deposits at banks. Interest income is recognized in the statement of profit or loss and other comprehensive income using the effective interest method.

(e) Investments in associates

Investments in associates are accounted for at cost.

(f) Receivables classification

Receivables are classified as a current asset when the Company has legal right and expects to realise the asset within twelve months after the reporting period.

(g) Prior year adjustments

As at 31 December 2017, receivable from a related party of USD 1,950,000 (1 January 2017: USD 727,715) was classified as non-current, whereas the entity had contractual right and intention to demand the payment from the counterparty within 12 months from the reporting date. As a result, comparative financial information has been restated to reclassify USD 1,950,000 (1 January 2017: USD 727,715) from non-current to current assets. This did not have effect on the company's cash flows or profit or loss.

As at 31 December 2017, loan payable to related party of USD 9,320,000 (1 January 2017: USD 10,880,000) was classified as long-term whereas according to the contractual terms the loan does not have formal term of repayment and as such is repayable on demand. As a result, comparative financial information has been restated to reclassify USD 9,320,000 (1 January 2017: USD 10,880,000) from non-current to current liabilities. This did not have effect on the company's cash flows or profit or loss

In the year ended 31 December 2017, cash outflows from the repayment of related party loans payable of USD 902,748 and USD 1,560,000 were classified as investing activities whereas as cash repayments of amounts borrowed they are cash flows arising from financing activities. As a result, comparative financial information has been restated to reclassify USD 902,748 and USD 1,560,000 from investing activities to financing activities. This did not have effect on the company's profit or loss or financial position.

5) CASH AND CASH EQUIVALENTS AND BANK DEPOSITS

US Dollar	**As of December 31, 2018**	**As of December 31, 2017**
Current accounts	30,255	759
Bank deposit*	817,139	3,360,890
	847,394	**3,361,649**

* A bank deposit amounting to USD 787,500 (2017: 787,500) is restricted because it is held by the bank as security for letters of credit and guarantees issued by the bank on behalf of the company (see note 13). The deposit earns interest at 0% (2017: 0%)

6) RELATED PARTIES

The Company transacts with its related parties in the ordinary course of business. Related parties transactions generally relate to financing and development services. Transactions with related parties are undertaken at mutually agreed terms and are approved by the management.

6-1 DUE FROM RELATED PARTIES

US Dollar	Nature of Transaction	Nature of Relationship	Volume during 2018	Volume during 2017	As of December 31, 2018	As of December 31, 2017 Restated (note 4 (g))
Shams Ma'an Power Generation PSC.	Financing	Subsidiary of investee	(2,669,950)	(1,854,263)	1,380,643	4,050,593
Kawar Holding Co.	Financing	Parent Company	1,267,345	-	1,267,345	-
					2,647,988	**4,050,593**
				Non-current	149,743	2,100,593
				Current	2,498,245	1,950,000
					2,647,988	**4,050,593**

6-2 DUE TO RELATED PARTY

US Dollar	Nature of Transaction	Nature of Relationship	Volume during 2018	Volume during 2017	As of December 31, 2018	As of December 31, 2017
Kawar Holding Co.	Finance	Parent Company	(1,903,010)	(902,748)	-	1,903,010
					-	**1,903,010**

6-3 LOAN FROM A RELATED PARTY

Amin Kawar and Sons Company has obtained a bank loan in order to provide funds to the Company. The bank loan is due to be settled in eight payments from November 25, 2016 until November 25, 2024 and is subject to a 4.75% fixed annual interest rate. Amin Kawar and Sons Company has loaned to the Company the funds obtained via its bank loan. The Company has no formal terms of repayment but the expectation of the directors is that they will repay the Company's loan in line the repayment schedule of the bank loan. The Company pays interest at 4.75%. Amin Kawar and Sons Company is a related party since the shareholders of Kawar Holding Company (the Company's ultimate parent and controlling party) are also shareholders of Amin Kawar and Sons Company.

6-4 KEY MANAGEMENT BENEFIT

There were no salaries or benefits of the key management personnel for the year ended December 31, 2018 or for the year ended December 31, 2017.

6-5 ULTIMATE CONTROLLING PARTY

The Company is a subsidiary undertaking of Kawar Holding Company, which is also the ultimate parent company and ultimate controlling party, a limited liability company established in the Cayman Islands. (PO Box. 309\UGLAND HOUSE KY1-1104 CAMAN ISLANDS). There is no group in which the results of the Company are consolidated.

7) INVESTMENT IN ASSOCIATE COMPANY

The Company acquired 30% of the share capital of Shams Ma'an Solar UK Limited comprising, as of December 31, 2018 and December 31, 2017, 6,628,002 ordinary shares of $1 per share for a cost of USD 6,628,002 as of December 31, 2018 and December 31, 2017.

8) CAPITAL CONTRIBUTION

The shareholders provided the Company with a contribution to support its operation. This contribution does not bear any interest and there is no requirement to repay.

9) INTEREST INCOME

US Dollar	For the year ended December 31, 2018	2017
Interest on Shareholder loans to Shams Ma'an Jordan	105,050	292,610
	105,050	**292,610**

10) ADMINISTRATIVE EXPENSES

US Dollar	For the year ended December 31, 2018	2017
Professional fees	26,134	33,757
Guarantees expenses	6,325	6,380
Letters of credit	-	14,391
	32,459	**54,528**

11) FINANCE EXPENSE

US Dollar	For the year ended December 31, 2018	2017
Interest on related party loan	531,901	587,427
Bank commissions	79	43
	531,980	**587,470**

12) FINANCIAL RISK MANAGEMENT

Overview

The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk
- Capital management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

Risk management general framework

The management has overall responsibility for the establishment and oversight of Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE FINANCIAL STATEMENTS

- **Credit risk**

Credit risk is the risk of the company's exposure to the financial loss, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Carrying Amount	
US Dollar	As of December 31, 2018	As of December 31, 2017
Cash at bank and bank deposits	847,394	3,361,649
Due from related parties	2,647,988	4,050,593
	3,495,382	**7,412,242**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country in which the customer operates, has less of an influence on credit risk.

- **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the company maintains line of credit from its bank for sudden cash requirements. The following are the contracted maturities of financial liabilities:

	As of December 31, 2018			
US Dollar	Carrying Amount	Contractual Cash Flows	One year or less	More than one year
Non-Derivative financial liabilities				
Other credit balances	57,219	(57,219)	(57,219)	-
Loan from a related party	9,320,000	(9,320,000)	(9,320,000)	-
Total	**9,377,219**	**(9,377,219)**	**(9,377,219)**	-

	As of December 31, 2017 Restated			
US Dollar	Carrying Amount	Contractual Cash Flows	One year or less	More than one year
Non-Derivative financial liabilities				
Other credit balances	51,680	(51,680)	(51,680)	-
Due to related parties	1,903,010	(1,903,010)	(1,903,010)	-
Loan from a related party	10,880,000	(10,880,000)	(10,880,000)	-
Total	**12,834,690**	**(12,834,690)**	**(12,834,690)**	-

- **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Company's profit or the value of its held of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

- **Currency Exchange Rate Fluctuation Risk**

Most of the Company's financial assets and liabilities are in US Dollar. Most of the Company's transactions in general are in US Dollar and Jordanian Dinar. Due to the fact that the Jordanian Dinar is pegged with US Dollar, the Company's management believes that the foreign currency risk is not material to the financial statements.

Interest rate risk

The Company is subject to relatively little interest rate risk since the majority of the company's financial assets and liabilities received/pay interest at the same fixed rate. At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

US Dollar	As of December 31, 2018	As of December 31, 2017
Fixed rate instruments:		
Financial assets	817,139	3,360,890
Financial liabilities	(9,320,000)	(10,880,000)

- **Capital management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital contribution and retained earnings of the Company.

The management monitors the return on capital, which the management defined as net operating income divided by total equity. The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a strong capital position.

There have been no changes in the Company's approach to capital management during the period, neither is the company subject to externally imposed capital requirements.

- **Fair Value Hierarchy**

The table below analyses the fair value of financial instruments not carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs good be defend directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities that are not measured at fair value:

Management believes that the book value of all financial assets and liabilities approximate their fair value as a result of their short term maturities.

13) CONTINGENT LIABILITIES

Contingent liabilities are as follows:

US Dollar	December 31, 2018	December 31, 2017
Bank guarantees	787,500	787,500
	787,500	**787,500**