

AL – IHDATHIAT REAL ESTATE COMPANY
PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2023



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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF AL-IHDATHIAT REAL ESTATE COMPANY
PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Al-Ihdathiat Real Estate Company - Public Shareholding Company (the “Company”) and its subsidiaries (the “Group”) as at 30 September 2023, comprising of the interim condensed consolidated statement of financial position as at 30 September 2023 and the related interim condensed consolidated statements of income, interim condensed consolidated statements of comprehensive income, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for the nine months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of Interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Amman – Jordan
25 October 2023

ERNST & YOUNG
Amman - Jordan

AL-IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	<u>Notes</u>	30 September 2023	31 December 2022
		JD (Unaudited)	JD (Audited)
<u>ASSETS</u>			
Non-current assets -			
Financial assets at fair value through other comprehensive income		3,025	3,426
Properties under development	3	3,228,193	3,230,184
		<u>3,231,218</u>	<u>3,233,610</u>
Current assets -			
Other current assets		8,622	6,930
Cash on hand and bank balances		1,916	2,236
		<u>10,538</u>	<u>9,166</u>
Total Assets		<u>3,241,756</u>	<u>3,242,776</u>
<u>EQUITY AND LIABILITIES</u>			
Equity -			
Shareholders' equity			
Paid-in capital	1	4,486,627	4,486,627
Share capital discount		(589,659)	(589,659)
Statutory reserve		65,940	65,940
Voluntary reserve		68,946	68,946
Fair value reserve		(3,311)	(2,910)
Accumulated losses		(952,830)	(935,142)
Total Equity		<u>3,075,713</u>	<u>3,093,802</u>
Liabilities -			
Current liabilities			
Due to related parties	4	95,605	84,204
Other current liabilities		70,438	64,770
Total liabilities		<u>166,043</u>	<u>148,974</u>
Total Equity and Liabilities		<u>3,241,756</u>	<u>3,242,776</u>

The attached notes from 1 to 6 form part of these interim condensed consolidated financial statements

AL-IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	Note	For the Three Months ended 30 September		For the Nine Months ended 30 September	
		2023	2022	2023	2022
		JD	JD	JD	JD
Other revenues		1,004	958	2,330	2,842
Dividends distribution		2	-	178	143
Administrative expenses		(5,349)	(5,606)	(19,960)	(18,914)
Marketing expenses		-	-	(195)	(190)
Bank charges		(10)	-	(41)	(55)
Loss for the period		(4,353)	(4,648)	(17,688)	(16,174)
		<u>JD/ Fils</u>	<u>JD/ Fils</u>	<u>JD/ Fils</u>	<u>JD/ Fils</u>
Basic and diluted loss per share from the loss for the period	5	<u>(0/001)</u>	<u>(0/001)</u>	<u>(0/004)</u>	<u>(0/004)</u>

The attached notes from 1 to 6 form part of these interim condensed consolidated financial statements

AL-IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	For the Three Months ended 30 September		For the Nine Months ended 30 September	
	2023	2022	2023	2022
	JD	JD	JD	JD
Loss for the period	(4,353)	(4,648)	(17,688)	(16,174)
Add: other comprehensive income items that will not be transferred to profit or loss in subsequent periods, after tax:				
Change in fair value of financial assets at fair value through other comprehensive income	49	(127)	(401)	(155)
Total other comprehensive income for the period after tax	49	(127)	(401)	(155)
Total comprehensive income for the period	<u>(4,304)</u>	<u>(4,775)</u>	<u>(18,089)</u>	<u>(16,329)</u>

The attached notes from 1 to 6 form part of these interim condensed consolidated financial statements

AL-IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	Paid-in capital	Share capital discount	Statutory reserve	Voluntary reserve	Fair value reserve	Accumulated losses	Total
	JD	JD	JD	JD	JD	JD	JD
For the nine months ended 30 September 2023 -							
As at 1 January 2023	4,486,627	(589,659)	65,940	68,946	(2,910)	(935,142)	3,093,802
Total comprehensive income for the period	-	-	-	-	(401)	(17,688)	(18,089)
Balance as at 30 September 2023	<u>4,486,627</u>	<u>(589,659)</u>	<u>65,940</u>	<u>68,946</u>	<u>(3,311)</u>	<u>(952,830)</u>	<u>3,075,713</u>
For the nine months ended 30 September 2022 -							
As at 1 January 2022	4,486,627	(589,659)	65,940	68,946	(2,903)	(914,520)	3,114,431
Total comprehensive income for the period	-	-	-	-	(155)	(16,174)	(16,329)
Balance as at 30 September 2022	<u>4,486,627</u>	<u>(589,659)</u>	<u>65,940</u>	<u>68,946</u>	<u>(3,058)</u>	<u>(930,694)</u>	<u>3,098,102</u>

The attached notes from 1 to 6 form part of these interim condensed consolidated financial statements

AL-IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	For the nine Months ended 30 September	
	2023	2022
	JD	JD
<u>OPERATING ACTIVITIES</u>		
Loss for the period	(17,688)	(16,174)
Adjustments		
Depreciation	2,482	2,482
Working capital changes -		
Due to related parties	11,401	19,620
Other current assets	(1,692)	126
Other current liabilities	5,668	(6,978)
Net cash flows from (used in) operating activities	171	(924)
Investing Activities -		
Properties under development	(491)	-
Net cash flow used in investing activities	(491)	-
Net decrease in cash and cash equivalents	(320)	(924)
Cash and cash equivalents at 1 January	2,236	1,889
Cash and cash equivalents at the period end	1,916	965

The attached notes from 1 to 6 form part of these interim condensed consolidated financial statements

AL-IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

(1) GENERAL

Al-Ihdathiat Real Estate Company - Public Shareholding Company incorporated on 18 September 2005 with an authorized capital of JD 3,000,000 divided into 3,000,000 shares at a par value of JD 1 each. The general assembly decided in its extraordinary meeting held on 20 April 2015 to increase the capital from JD 3,000,000 to JD 4,070,627 as at 31 December 2015 through the issuance of 1,070,627 shares at par value of JD 1 and with an issuance discount of 400 Fils. The process of the capital increase was completed on 20 August 2015. On 12 April 2017, the Securities Commission has approved the allocation of 416,000 shares from the Groups unquoted shares amounted to 929,373 shares for Jordan Investment Trust Company, where Jordan Investment Trust Company paid an amount of JD 254,594 (0.612 JD per share) in cash so that the authorized and paid in capital became JD 4,486,627.

The principal activities of the Company are to do property management and development, provide all associated services, the establishment of residential apartments, the purchase of lands and real estates, import and exports, and what it takes to achieve the Company's objectives as well as investment in securities for its own accounts.

The Group's interim condensed consolidated financial statements are consolidated with the financial statements of Jordan Investment Trust Company (The Parent Company).

The consolidated financial statements were approved by the Group's Board of Directors in their meeting held on 25 October 2023.

The Company's offices are located in Jabal Amman, Amman - The Hashemite Kingdom of Jordan.

(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION

The interim condensed consolidated financial statements as of 30 September 2023 are prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting).

The interim condensed consolidated financial statements have been presented in Jordanian Dinar which is the functional currency of the Group.

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income which have been measured of fair value of the date of the interim condensed consolidated financial statement.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the annual report of the Group as at 31 December 2022. In addition, results of the nine-month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 shown below:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 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. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

This standard does not apply to the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

AL-IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

(2-3) BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group") as at 30 September 2023. The subsidiaries that are included in the interim condensed consolidated financial statements are as follows:

Company's Name	Paid-in capital JD	Nature of activity	Percentage of Ownership		Company's type
			30 September 2023	31 December 2022	
Sail Hosban Real Estate Company	1,000	Real estate investment	100%	100%	Limited Liability
Hojrat Alshamaly Real Estate Company	1,000	Real estate investment	100%	100%	Limited Liability
Khorbat Saka Real Estate Company	1,000	Real estate investment	100%	100%	Limited Liability

Control is achieved when the Group is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power 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 ability to direct the relevant activities of the investee).
- Exposure or rights to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect returns.

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

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

The Group re-assesses whether or not it controls an investee and if facts or circumstances indicate that there are changes to one or more of the three elements of control.

AL-IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (UNAUDITED)

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 subsidiaries are included in the statement of comprehensive 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 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 align their accounting policies with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and profits and losses relating to transactions between members of the Groups are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without 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 interest;
- Derecognizes the cumulative translation differences;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognized in other comprehensive income items to profit or loss.

(3) PROPERTIES UNDER DEVELOPMENT

The details of this item are as follows:

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Lands (lower of cost or net realizable value)	1,230,176	1,230,176
Residential units* (at cost)	217,351	219,833
Projects under construction** (at cost)	1,942,598	1,942,107
Less: Provision for impairment of real estate investments*	(161,932)	(161,932)
	<u>3,228,193</u>	<u>3,230,184</u>

* This item includes housing units with a carrying value of JD 161,932 that consist of three apartments with a total area of approximately 220 square meters, the promise of sale of these apartments was recorded on behalf of the Group on 30 November 2011 while the ownership of these apartments was not transferred to the Group till the date of the preparation of these interim condensed consolidated financial statements. Impairment provision on the full value of these apartments was recorded during 2022 amounted to JD 161,932.

** This project represents a building under construction in Jabal Amman. Operations on this project have been halted since the beginning of the pandemic which has led to a delay in the completion date. Management has not yet decided on the completion date of the project until the date of these interim condensed consolidated financial statements.

AL-IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(4) RELATED PARTIES TRANSACTIONS

Related parties represent shareholders, companies of which they are principal owners, directors and key management personnel of the Group. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties presented in the interim condensed consolidated statement of financial position are as follows:

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Due to related parties:		
Al-Ta'awon Company for Properties Management (Controlled by a major shareholder) *	25,467	23,024
Jordan Investment Trust Company (The Parent Company)	70,138	61,180
	<u>95,605</u>	<u>84,204</u>

* The Group rents its offices from Al-Ta'awon Company for Property Management.

Details of transactions with related parties appearing in the interim condensed consolidated statement of comprehensive income are as follows:

	For the Nine Months ended 30 September	
	2023	2022
	JD	JD
	(Unaudited)	(Unaudited)
Rent expense - Al-Ta'awon Company for Properties Management (Controlled by a major shareholder)	<u>1,496</u>	<u>1,496</u>

The Group has not paid salaries and bonuses to senior executives for the periods ended 30 September 2023 and 2022.

(5) BASIC AND DILUTED LOSS PER SHARE FROM THE LOSS FOR THE PERIOD

	For the Three Months ended 30 September		For the Nine Months ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of shares (Share)	4,486,627	4,486,627	4,486,627	4,486,627
Loss for the period (JD)	(4,353)	(4,648)	(17,688)	(16,174)
	JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted loss per share (JD) from the loss for the period	<u>(0/001)</u>	<u>(0/001)</u>	<u>(0/004)</u>	<u>(0/004)</u>

(6) INCOME TAX

Al-Ihdathiat Real Estate Company

The income tax provision was not calculated for the period ended 30 September 2023 due to the excess of deductible expenses over the taxable income. The Group is subject to a statutory income tax rate of 20% in addition to a 1% National Contribution Tax in accordance with the new Income Tax Law No. (34) of 2014 and its amendments.

The Group reached a final settlement with the Income and Sales Tax Department up to the year 2022, except the financial years 2019 and 2020.

The Group filed its tax returns for the years for the year 2019 and 2020. However, the Income and Sales Tax Department has not yet reviewed the accounting records until the date of these interim condensed consolidated financial statements.

The subsidiaries reached a final settlement with the Income and Sales Tax Department up to the end of the year 2022.