

AL – IHDATHIAT REAL ESTATE COMPANY
PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Al-Ihdathiat Real Estate Public Shareholding Company
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al-Ihdathiat Real Estate Public Shareholding Company and its subsidiaries (the “Group”) which comprise the consolidated statement of financial position as at 31 December 2023, consolidated statement of income, the 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 material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor’s Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants* (including International Independence Standards) (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 opinion.

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 current year. 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.



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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.

Key Audit Item	How the key audit item was addressed in the audit
<p>Properties under development make up 99.7% of Group's total assets as at 31 December 2023.</p> <p>Properties under development is measured at cost less accumulated depreciation and less impairment losses. As a result, the annual impairment test for properties under development was considered a key audit matter.</p>	<p>Our audit procedures included, amongst others, an evaluation of the Group's policies and procedures to identify triggering events for potential impairment of investment properties including obtaining valuations reports conducted by independent valuation experts. We have also considered the independence and competency of the valuation experts.</p> <p>The disclosures related to properties under development are set out in Note (3) to the consolidated financial statements.</p>

Other information included in the Group's 2023 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. We expect to obtain the Group's annual report subsequent to our auditor's report date. 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 once received 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.



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

Management 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.

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 exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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.



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- 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, actions taken to eliminate threats or safeguards applied.

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 Company maintains proper books of accounts which are in agreement with the consolidated financial statements, and we recommend to approve it.

The partner in charge of the audit resulting in this auditor's report was Ali Hasan Samara; license number 503.


Amman – Jordan

29 February 2024

ERNST & YOUNG
Amman – Jordan

AL – IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		JD	JD
<u>ASSETS</u>			
Non-current assets -			
Financial assets at fair value through other comprehensive income	11	3,201	3,426
Properties under development	3	3,227,199	3,230,184
		<u>3,230,400</u>	<u>3,233,610</u>
Current assets -			
Other current assets	4	6,373	6,930
Cash on hand and bank balances	5	1,326	2,236
		<u>7,699</u>	<u>9,166</u>
Total Assets		<u><u>3,238,099</u></u>	<u><u>3,242,776</u></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	11	(3,135)	(2,910)
Accumulated losses		(957,450)	(935,142)
Total Equity		<u><u>3,071,269</u></u>	<u><u>3,093,802</u></u>
Liabilities -			
Current liabilities			
Due to related parties	7	101,223	84,204
Other current liabilities	6	65,607	64,770
Total liabilities		<u><u>166,830</u></u>	<u><u>148,974</u></u>
Total Equity and Liabilities		<u><u>3,238,099</u></u>	<u><u>3,242,776</u></u>

The attached notes from 1 to 15 form part of these consolidated financial statements

AL – IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		JD	JD
Other revenues		3,341	3,792
Dividend's income		178	143
Bank charges		(50)	(69)
Marketing expenses		(195)	(190)
Administrative expenses	8	<u>(25,582)</u>	<u>(24,298)</u>
Loss for the year		<u><u>(22,308)</u></u>	<u><u>(20,622)</u></u>
		<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share			
from the loss for the year	10	<u><u>(0/005)</u></u>	<u><u>(0/005)</u></u>

The attached notes from 1 to 15 form part of these consolidated financial statements

AL – IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	<u>Note</u>	<u>2023</u>	<u>2022</u>
		JD	JD
Loss for the year		(22,308)	(20,622)
Add: other comprehensive income net of tax that will not be transferred to profit or loss in subsequent periods:			
Net change in fair value of financial assets at fair value through other comprehensive income	11	<u>(225)</u>	<u>(7)</u>
Total other comprehensive income for the year after tax		<u>(225)</u>	<u>(7)</u>
Total comprehensive income for the year		<u><u>(22,533)</u></u>	<u><u>(20,629)</u></u>

The attached notes from 1 to 15 form part of these consolidated financial statements

AL – IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	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 year ended 31 December 2023							
Balance 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 year	-	-	-	-	(225)	(22,308)	(22,533)
Balance as at 31 December 2023	4,486,627	(589,659)	65,940	68,946	(3,135)	(957,450)	3,071,269
For the year ended 31 December 2022							
Balance 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 year	-	-	-	-	(7)	(20,622)	(20,629)
Balance as at 31 December 2022	4,486,627	(589,659)	65,940	68,946	(2,910)	(935,142)	3,093,802

The attached notes from 1 to 15 form part of these consolidated financial statements

AL – IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		JD	JD
<u>OPERATING ACTIVITIES</u>			
Loss for the year		(22,308)	(20,622)
Adjustments for -			
Depreciation	3	3,309	3,309
Working capital changes -			
Due to related parties		17,019	20,814
Other current assets		557	3,547
Other current liabilities		837	(6,701)
Net cash flows (used in) from operating activities		<u>(586)</u>	<u>347</u>
<u>Investing activities</u>			
Projects under construction		(324)	-
Net cash flows used in investing activities		<u>(324)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents		(910)	347
Cash and cash equivalents at beginning of the year		2,236	1,889
Cash and cash equivalents at the end of the year	5	<u>1,326</u>	<u>2,236</u>

The attached notes from 1 to 15 form part of these consolidated financial statements

AL – IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2023

(1) GENERAL

Al-Ihdathiat Real Estate Company Public Shareholding Company (the “Group”) was incorporated on 18 September 2005 with an authorized capital of JD 5,000,000 and issued 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 through the issuance of 1,070,627 shares at par value of JD 1 and with an issuance discount of 400 fils. The process to increase the capital was completed on 20 August 2015. On 12 April 2016, the Securities Commission has approved on the allocation of 416,000 shares from the Group’s 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 quoted and paid in capital becomes JD 4,486,627.

The Company is 56.4% owned by Jordan Investment Trust Company (Parent Company), and the financial statements are being consolidated with Jordan Investment Trust Company (Parent Company).

The principal activities of the Company are 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 account.

The Consolidated financial statements were authorized for issue by the Board of Directors on 14 February 2023.

The Company’s main office is located in Jabal Amman, Amman - The Hashemite Kingdom of Jordan.

(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements for the Group are prepared in accordance with International Financial Reporting Standards (IFRS).

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

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

AL – IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2023

(2-1) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Al-Ihdathiat Real Estate Company (the “Company”) and its subsidiaries (the “Group”) as at 31 December 2023:

Company's Name	Paid in capital JD	Nature of activity	Percentage of Ownership		Company type
			2023	2022	
Sail Hosban Real Estate Company	1,000	Real estate investment	100%	100%	Limited Liability
Hujrat Al-Shamali Real Estate Company	1,000	Real estate investment	100%	100%	Limited Liability
Kherbat Sakka Real Estate Company	1,000	Real estate investment	100%	100%	Limited Liability

Control exists when the Group controls the subsidiaries' significant and relevant activities, and is exposed, or has the rights, to variable returns from its involvement with the subsidiaries, and has the ability to affect those returns. Control over the subsidiaries is exercised when the following factors exist:

- 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 owns less than a majority of the voting rights in an investee, in this case, the Group considers all factors and circumstances to determine whether it has control over the investee, which include the following:

- The contractual arrangement(s) 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-evaluates whether it controls the investee company, in cases where circumstances or facts indicate a change in one or more of the three elements of control.

Subsidiaries are fully consolidated from the date of acquisition being the date on which the Group gains control and continues to do so until the date when such control ceases. The subsidiaries revenues and expenses are consolidated in the income statement from the date the Group gains control over the subsidiaries until that control ceases.

Profits, losses and all other comprehensive income items are attributed to the shareholders' equity of the parent Company, and to non-controlling interest, even if this leads to a deficit balance. If need arises, the subsidiaries' financial statements are adjusted accordingly to comply with the Group's accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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 interest.
- 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 any gains or losses resulted from loss of control.
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss.

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual 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.

IFRS 17 has been applied retrospectively on 1 January 2023. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable 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.

The amendments are effective from 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on 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.

The amendments are effective from 1 January 2023. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on consolidated financial statements of the Group.

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 recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective from 1 January 2023. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on consolidated financial statements of the Group.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million/year.

(2-3) MATERIAL ACCOUNTING POLICIES INFORMATION

PROPERTIES UNDER DEVELOPMENT

Properties under development are registered and which have been purchased or are being developed with the aim of sale within the normal activity of the group at cost less any accumulated depreciation and impairment loss or net realizable value, whichever is lower.

The realizable value is the selling price within the normal activity based on the prevailing market prices on the consolidated financial statements less costs to sell.

Properties under development which represent residential units are depreciated in accordance with their useful lives on a straight-line basis with a depreciation rate of 4%.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

These are financial assets limited to equity instruments in order to maintain them in the long term.

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

- These assets are not subject to impairment losses testing.
- Dividend's income is recorded in the consolidated statement of income.

CASH AND CASH EQUIVALENT

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, and bank balances.

PROVISIONS

Provisions are recognized when the Group has a present obligation 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 is provided in accordance with income tax regulations in the Hashemite Kingdom of Jordan and in accordance with IAS (12).

REVENUE AND EXPENSES RECOGNITION

Revenue is recognized under IFRS 15 five step model approach which includes determining the contract, price, performance, obligation and revenue recognition and satisfaction of performance obligation.

Rental income is recognized on straight line basis over the rent contract period.

Interest revenue is recognized as interest accrues using the effective interest rate method.

Other revenues are recognized on an accrual basis.

Expenses are recognized on an accrual basis.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the fair value less costs of disposal and its value in use, whichever is higher and recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

FAIR VALUE MEASUREMENT

The Group evaluates its financial instruments such as financial assets at fair value through other comprehensive income at the date of the consolidated financial statements. Also, the fair value of financial instruments is disclosed in Note (14).

Fair value represents the price received in exchange for financial assets sold, or price paid to settle a sale between market participants.

The fair value is measured based on the assumption that the sale or purchase transaction of financial assets is facilitated through an active market for financial assets and liabilities respectively. In case there is no active market, a market best fit for financial assets and liabilities is used instead. The Group needs to acquire opportunities to access the active market or the best fit market.

The Group measures the fair value of financial assets and liabilities using the pricing assumptions used by market participants to price financial assets and liabilities, assuming that market participants behave according to their economic interests.

The fair value measurement of non-financial assets considers the ability of market participants to utilize the assets efficiently in order to generate economic benefits, or to sell them to other participants who will utilize them in the best way possible.

The Group uses valuation techniques that are appropriate and commensurate with the circumstances, and provides sufficient information for fair value measurement. Also, it illustrates clearly the use of inputs that are directly observable, and minimizes the use of inputs that are not directly observed.

The Group uses the following valuation methods and alternatives in measuring and recording the fair value of financial instruments:

Level 1: Quoted 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.

The Group determines whether transfers have accrued of any assets or liabilities between levels in the hierarchy by reassessing categorization (based on the lowest level input that significant to the fair value measurement as a whole) at the end of each reporting period.

For the disclosure of fair value, the Group classifies assets and liabilities based on their nature, their risk, and the level of fair value measurement.

FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transactions.

AL – IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2023

Monetary assets and liabilities in foreign currencies are translated into respective functional currencies at rates of exchange prevailing at the reporting date of the consolidated statement of financial position.

CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities are not recognized in the consolidated financial statements of the Group but are disclosed when the possibility of an outflow of resources embodying economic benefits is remote.

Contingent Assets are not recognized in the consolidated financial statements but are disclosed when the possibility of an outflow of resources embodying economic benefits is remote.

(2-4) USE OF ESTIMATES

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

(3) PROPERTIES UNDER DEVELOPMENT

The details of this item are as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Lands (lower of cost or net realizable value)	1,230,176	1,230,176
Residential units (at cost)*	54,592	219,833
Project under construction (at cost)**	1,942,431	1,942,107
Less: Impairment provision on investments properties***	-	(161,932)
	<u>3,227,199</u>	<u>3,230,184</u>

* The Group has filed a lawsuit against others to claim an amount of JD 161,932, and a decision was issued to oblige the defendant to pay the claimed amount, fees and other related expenses, and the judgment acquired final status during 2023. Accordingly, the claim and the provision were transferred to the other debit balances (Note 4).

AL – IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2023

** This item represents an under construction building in Jabal Amman, which has been stopped with the start of COVID-19 pandemic which resulted to postponing the completion date of the project. The management did not set the date of the completion up to the date of this consolidated financial statement.

*** Movement on Investment properties impairment provision is as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Balance at 1 January	161,932	161,932
Transferred to expected credit losses provision (Note 4)	<u>(161,932)</u>	<u>-</u>
Balance as at 31 December	<u>-</u>	<u>161,932</u>

The depreciation expense on residential units was amounted to JD 3,309 as of 31 December 2023 (2022: JD 3,309).

(4) OTHER CURRENT ASSETS

	<u>2023</u>	<u>2022</u>
	JD	JD
Financial Claims*	161,932	-
Prepaid expenses	1,668	1,665
Refundable deposits	750	750
Others	3,955	4,515
Provision for expected credit loss**	<u>(161,932)</u>	<u>-</u>
	<u>6,373</u>	<u>6,930</u>

* The Group has filed a lawsuit to claim an amount of JD 161,932, and a decision was issued to oblige the defendant to pay the claimed amount, fees and other related expenses, and the judgment acquired final status during 2023 (Note 3).

** The movement on the provision for expected credit losses is as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Balance at 1 January	-	-
Transferred from the provision for low real estate investments (Note 3)	<u>161,932</u>	<u>-</u>
Balance at 31 December	<u>161,932</u>	<u>-</u>

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(5) CASH ON HAND AND BANK BALANCES

The details of this item are as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Cash on hand	1	1
Current accounts	<u>1,325</u>	<u>2,235</u>
	<u><u>1,326</u></u>	<u><u>2,236</u></u>

(6) OTHER CURRENT LIABILITIES

	<u>2023</u>	<u>2022</u>
	JD	JD
Shareholders deposits	59,125	59,125
Accrued expenses	5,377	5,220
Others	<u>1,105</u>	<u>425</u>
	<u><u>65,607</u></u>	<u><u>64,770</u></u>

(7) DUE TO RELATED PARTIES

Related parties represent shareholders, companies of which are principal owners, 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 included in the consolidated statement of financial position are as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Due to related parties:		
Al-Ta'awon Company for Properties Management (Controlled by a major shareholder)*	25,738	23,024
Jordan Investment Company (Parent Company)	<u>75,485</u>	<u>61,180</u>
	<u><u>101,223</u></u>	<u><u>84,204</u></u>

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

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Details of transactions with related parties that appear in the consolidated statement of income are as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Rent expense paid for Al-Ta'awan Company for Properties Management (Controlled by a major shareholder)	<u>2,000</u>	<u>2,000</u>

The Group has not paid salaries and bonuses to senior management and executives for the years 2023 and 2022.

(8) ADMINISTRATIVE EXPENSES

The details of this item are as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Legal and professional fees	10,191	9,050
Fees, licenses, stamps and subscriptions	7,621	7,787
Depreciation	3,309	3,309
Rent	2,000	2,000
Maintenance	481	1,034
Post and telephone	134	145
Stationery and publications	52	52
Others	1,794	921
	<u>25,582</u>	<u>24,298</u>

(9) INCOME TAX

Al-Ihdathiat Real Estate Company

The income tax provision was not calculated for the years ended 2023 and 2022 due to the excess of deductible expenses over taxable income. The Company 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) for 2014 and its amendments.

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2018 and 2022. The tax declaration of 2021 has been accepted by the income and Sales Tax Department without adjustment based on the samples system.

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The Company submitted its' tax declarations to the income and sales tax department for the years 2019 and 2020. The income and Sales Tax Department did not review the Company's records up to the date of the consolidated financial statements.

Sail Husban Real Estate Company

The income tax provision was not calculated for the years ended 2023 and 2022 due to the excess of deductible expenses over taxable income.

Hujrat Al-Shamali Real Estate Company

The income tax provision was not calculated for the years ended 2023 and 2022 due to the excess of deductible expenses over taxable income.

Kherbat Sakka Real Estate Company

The income tax provision was not calculated for the years ended 2023 and 2022 due to the excess of deductible expenses over taxable income.

The Subsidiaries have obtained a final clearance from the Income and Sales Tax Department up to year 2022.

(10) LOSS PER SHARE

	<u>2023</u>	<u>2022</u>
Loss for the year (JD)	(22,308)	(20,622)
Weighted average number of shares during the year (Share)	4,486,627	4,486,627
	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share from the loss for the year	<u>(0/005)</u>	<u>(0/005)</u>

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

This item represents the Group's contribution in the capital of the following companies:

	<u>2023</u>	<u>2022</u>
	JD	JD
Shares in listed companies/ Jordan		
Arab Bank	3,201	3,426
	<u>3,201</u>	<u>3,426</u>

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The following table represents the movement on financial assets at fair value through other comprehensive income:

	<u>2023</u>	<u>2022</u>
	JD	JD
Balance at 1 January	3,426	3,433
Change in fair value of financial assets at fair value through other comprehensive income	<u>(225)</u>	<u>(7)</u>
Balance at 31 December	<u>3,201</u>	<u>3,426</u>

The movement on fair value reserve is as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Balance at 1 January	(2,910)	(2,903)
Change in fair value of financial assets at fair value through other comprehensive income	<u>(225)</u>	<u>(7)</u>
Balance at 31 December	<u>(3,135)</u>	<u>(2,910)</u>

(12) RISK MANAGEMENT

Interest rate risk

Interest rate risk arises from the possible impact of changes in interest rates on the fair value or future cash flows of financial assets.

The Group is not exposed to interest rate risk as there are no financial assets or liabilities bearing variable interest rates as at 31 December 2023 and 2022.

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 banks by only dealing with reputable banks.

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Share price risk-

The following table shows the sensitivity of the changes on the financial assets at fair value as a result of reasonably possible changes in share prices, with all other variables remaining constant:

2023 -	<u>Change in index</u> (%)	<u>Effect on the equity</u> JD
Amman Stock Exchange	+5	160
2022 -	<u>Change in index</u> (%)	<u>Effect on the equity</u> JD
Amman Stock Exchange	+5	171

If there is a negative change in the index, the effect is equal to the change noted above in the opposite direction.

Liquidity risk

Liquidity risk is the risk that the Group will not meet its obligations under its financial liabilities based on contractual maturity dates, managing liquidity risk requires maintaining adequate cash and providing the necessary financing. The Group monitors its liquidity by ensuring availability of funds to meet its obligations at their maturity dates.

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

	<u>Less than 3</u> <u>Months</u> JD	<u>3 to 12</u> <u>Months</u> JD	<u>Total</u> JD
31 December 2023 -			
Due to related parties	-	101,223	101,223
Other current liabilities	6,482	59,125	65,607
	<u>6,482</u>	<u>160,348</u>	<u>166,830</u>
31 December 2022 -			
Due to related parties	-	84,204	84,204
Other current liabilities	5,645	59,125	64,770
	<u>5,645</u>	<u>143,329</u>	<u>148,974</u>

Currency risk

All of the Group's transactions are in Jordanian Dinars, hence the Group is not exposed to currency risk.

(13) 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 maximize 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 processes during the current year. Capital comprises of paid in capital, share capital discount, statutory reserve, voluntary reserve, fair value reserve and accumulated losses and is measured at JD 3,071,269 as at 31 December 2023 (2022: JD 3,093,802).

(14) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments include financial assets and financial liabilities.

Financial assets comprise cash on hand and bank balances, financial assets at fair value through other comprehensive income, and some other current assets. Financial liabilities comprise of due to related parties and some other current liabilities.

The fair value for the financial instrument does not materially differ from the book value for these instruments.

(15) STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE

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

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group consolidated financial statements.

Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the Group consolidated financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Group consolidated financial statements.