

AL – IHDATHIAT REAL ESTATE COMPANY
PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2021



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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 31 March 2021, comprising of the interim condensed consolidated statement of financial position as at 31 March 2021 and the related interim condensed consolidated statements of profit and loss and comprehensive income, changes in equity and cash flows for the three 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
27 April 2021

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AL-IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	<u>Notes</u>	31 March 2021 JD (Unaudited)	31 December 2020 JD (Audited)
<u>ASSETS</u>			
Non-current assets -			
Properties under development	6	3,297,907	3,298,734
Financial assets at fair value through other comprehensive income		2,809	2,893
		<u>3,300,716</u>	<u>3,301,627</u>
Current assets -			
Other current assets		8,587	9,626
Cash on hand and bank balances		896	739
		<u>9,483</u>	<u>10,365</u>
Total Assets		<u><u>3,310,199</u></u>	<u><u>3,311,992</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		(3,527)	(3,443)
Loss for the period		(3,166)	(128,738)
Accumulated losses		(832,168)	(703,430)
Total Equity		<u>3,192,993</u>	<u>3,196,243</u>
Liabilities -			
Current liabilities			
Due to related parties	3	44,519	44,304
Other current liabilities		72,687	71,445
Total liabilities		<u>117,206</u>	<u>115,749</u>
Total Equity and Liabilities		<u><u>3,310,199</u></u>	<u><u>3,311,992</u></u>

The attached notes from 1 to 8 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 MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

	<u>Note</u>	For the Three Months Ended 31 March	
		<u>2021</u>	<u>2020</u>
		JD	JD
Interest income		-	26
Other revenues		895	995
Administrative expenses		(3,915)	(9,394)
Marketing expenses		(135)	(135)
Bank charges		(11)	(10)
Loss for the period		(3,166)	(8,518)
		<u>JD/ Fils</u>	<u>JD/ Fils</u>
Basic and diluted loss per share from the loss for the period	4	(0/001)	(0/002)

The attached notes from 1 to 8 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 MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

	For the Three Months Ended 31 March	
	2021	2020
	JD	JD
Loss for the period	(3,166)	(8,518)
Add: other comprehensive income 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	(84)	(730)
Total other comprehensive income for the period after tax	(84)	(730)
Total comprehensive income for the period	(3,250)	(9,248)

The attached notes from 1 to 8 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 THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

	Paid in capital	Share capital discount	Statutory reserve	Voluntary reserve	Fair value reserve	Loss for the period	Accumulated losses	Total
	JD	JD	JD	JD	JD	JD	JD	JD
For the three months ended 31 March 2021								
As at 1 January 2021	4,486,627	(589,659)	65,940	68,946	(3,443)	-	(832,168)	3,196,243
Total comprehensive income for the period	-	-	-	-	(84)	(3,166)	-	(3,250)
Balance at 31 March 2021	<u>4,486,627</u>	<u>(589,659)</u>	<u>65,940</u>	<u>68,946</u>	<u>(3,527)</u>	<u>(3,166)</u>	<u>(832,168)</u>	<u>3,192,993</u>
For the three months ended 31 March 2020								
As at 1 January 2020	4,486,627	(589,659)	65,940	68,946	(2,299)	-	(703,433)	3,326,122
Total comprehensive income for the period	-	-	-	-	(730)	(8,518)	-	(9,248)
Balance at 31 March 2020	<u>4,486,627</u>	<u>(589,659)</u>	<u>65,940</u>	<u>68,946</u>	<u>(3,029)</u>	<u>(8,518)</u>	<u>(703,433)</u>	<u>3,316,874</u>

The attached notes from 1 to 8 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 THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

	For the Three Months Ended 31 March	
	2021	2020
	JD	JD
<u>OPERATING ACTIVITIES</u>		
Loss for the period	(3,166)	(8,518)
Adjustments -		
Depreciation	827	827
Interest income	-	(26)
Working capital changes -		
Due to related parties	215	1,263
Other current assets	1,039	(1,461)
Other current liabilities	1,242	(3,142)
Net cash flows from (used in) operating activities	<u>157</u>	<u>(11,057)</u>
<u>INVESTING ACTIVITIES</u>		
Interest income received	-	26
Net cash flows from investing activities	<u>-</u>	<u>26</u>
Net increase (decrease) in cash and cash equivalents	157	(11,031)
Cash and cash equivalents at 1 January	739	13,324
Cash and cash equivalents at the period ended	<u><u>896</u></u>	<u><u>2,293</u></u>

The attached notes from 1 to 8 form part of these interim condensed consolidated financial statements

(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 unordinary 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 increase capital was completed on 20 August 2015. On April 12, 2017, the Securities Commission has approved on 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 quoted and paid in capital becomes 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 financial statements are consolidated with the financial statements of Jordan Invest Company (The Parent Company).

The consolidated financial statements were approved by the Group's Board of Directors in their meeting held on 27 March 2021.

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

(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements as of 31 March 2021 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 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 financial statements as at 31 December 2020. In addition, results of the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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 annual consolidated financial statements for the year ended 31 December 2020 except for the adoption of new standards effective as of 1 January 2021 shown below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

(3) RELATED PARTIES TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and companies of which they are principal owners. 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:

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Due to related parties:		
Al-Ta'awon Company for Properties Management (Controlled by a major shareholder) *	17,967	17,756
Jordan Invest Company (The Parent Company)	26,552	26,548
	44,519	44,304

AL-IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2021

*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 Three Months ended 31 March	
	2021 JD (Unaudited)	2020 JD (Unaudited)
Rent expense paid for Al-Ta'awon Company for Properties Management (Controlled by a major shareholder)	500	500

The Group has not paid salaries and bonuses to senior executives for the periods ended 31 March 2021 and 2020.

Subsidiaries

The interim condensed consolidated financial statement comprises the Company's and its subsidiaries financial statements:

Company's Name	Paid in capital	Nature of activity	Percentage of Ownership		Company's type
	JD		31 March 2021	31 December 2020	
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

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

	For the Three Months ended 31 March	
	2021 (Unaudited)	2020 (Unaudited)
Weighted average number of shares (Share)	4,486,627	4,486,627
Loss for the period (JD)	(3,166)	(8,518)
	JD/Fils	JD/Fils
Basic and diluted loss per share (JD) from the loss for the period	<u>(0/001)</u>	<u>(0/002)</u>

(5) INCOME TAX

The income tax provision was not calculated for the periods ended 31 March 2021 and 2020 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. (38) which took effect on 1 January 2018.

The Group reached a final settlement with the Income and Sales Tax Department up to the year 2014.

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

(6) PROPERTIES UNDER DEVELOPMENT

The details of this item are as follows:

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Lands (lower of cost or net realizable value)	1,230,176	1,230,176
Residential units* (at cost)	225,624	226,451
Projects under construction (at cost)	1,942,107	1,942,107
Less: Provision for impairment of real estate investments*	<u>(100,000)</u>	<u>(100,000)</u>
	<u>3,297,907</u>	<u>3,298,734</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. During the year ended 31 December 2020, a provision amounting to JD 100,000 had been booked for real estate investments; however, the Group has not booked a provision for the period ending 31 March 2021.

(7) CORONAVIRUS SPREAD (COVID – 19) AND ITS IMPACT ON THE COMPANY

As a result of the continued impact of the Corona virus (Covid-19) on the global economy and various business sectors and the accompanying restrictions and measures imposed by the Jordanian Government and neighbouring countries and the rest of the world. The Group's investments and its operational activities were not affected by the global developments that currently affect various economic and geographical sectors; as the operational activities of the Group are limited to the development and sale of a limited number of properties.

(8) COMPARATIVE FIGURES

Some figures related to the interim condensed consolidated financial statements for the year of 2020 were reclassified to correspond with those of March 31 2021 presentation. The reclassification has had no effect on the loss and equity of the year 2020.