

AL – IHATHIAT REAL ESTATE COMPANY
PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2022



Building a better
working world

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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 2022, comprising of the interim condensed consolidated statement of financial position as at 31 March 2022 and the related interim condensed consolidated statements of income 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

28 April 2022

ERNST & YOUNG
Amman - Jordan

AL-IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	<u>Notes</u>	31 March 2022	31 December 2021
		JD (Unaudited)	JD (Audited)
<u>ASSETS</u>			
Non-current assets -			
Properties under development	3	3,232,663	3,233,493
Financial assets at fair value through other comprehensive income		3,285	3,433
		<u>3,235,948</u>	<u>3,236,926</u>
Current assets -			
Other current assets		14,334	10,477
Cash on hand and bank balances		1,491	1,889
		<u>15,825</u>	<u>12,366</u>
Total Assets		<u><u>3,251,773</u></u>	<u><u>3,249,292</u></u>
<u>EQUITY AND LIABILITIES</u>			
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		(3,051)	(2,903)
Accumulated losses		(920,439)	(914,520)
Total Equity		<u>3,108,364</u>	<u>3,114,431</u>
Liabilities -			
Current liabilities			
Due to related parties	4	77,613	63,390
Other current liabilities		65,796	71,471
Total liabilities		<u>143,409</u>	<u>134,861</u>
Total Equity and Liabilities		<u><u>3,251,773</u></u>	<u><u>3,249,292</u></u>

The attached notes from 1 to 7 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 2022 (UNAUDITED)

	Note	For the Three Months Ended 31 March	
		2022	2021
		JD	JD
Other revenues		937	895
Administrative expenses		(6,816)	(3,915)
Marketing expenses		-	(135)
Bank charges		(40)	(11)
Loss for the period		(5,919)	(3,166)
		<u>JD/ Fils</u>	<u>JD/ Fils</u>
Basic and diluted loss per share from the loss for the period	5	(0/001)	(0/001)

The attached notes from 1 to 7 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 2022 (UNAUDITED)

	For the Three Months Ended 31 March	
	2022	2021
	JD	JD
Loss for the period	(5,919)	(3,166)
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	(148)	(84)
Total other comprehensive income for the period after tax	(148)	(84)
Total comprehensive income for the period	(6,067)	(3,250)

The attached notes from 1 to 7 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 2022 (UNAUDITED)

	Paid in capital		Share capital discount		Statutory reserve	Voluntary reserve	Fair value reserve	Accumulated losses		Total
	JD		JD					JD	JD	
For the three months ended 31 March 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	-		-		-	-	(148)	(5,919)		(6,067)
Balance at 31 March 2022	<u>4,486,627</u>		<u>(589,659)</u>		<u>65,940</u>	<u>68,946</u>	<u>(3,051)</u>	<u>(920,439)</u>		<u>3,108,364</u>
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>(835,334)</u>		<u>3,192,993</u>

AL-IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (UNAUDITED)

	For the Three Months	
	Ended 31 March	
	2022	2021
	JD	JD
<u>OPERATING ACTIVITIES</u>		
Loss for the period	(5,919)	(3,166)
Adjustments -		
Depreciation	830	830
Working capital changes -		
Due to related parties	14,223	212
Other current assets	(3,857)	1,039
Other current liabilities	(5,675)	1,242
Net cash flows (used in) from operating activities	(398)	157
Net (decrease) increase in cash and cash equivalents	(398)	157
Cash and cash equivalents at 1 January	1,889	739
Cash and cash equivalents at the period ended	1,491	896

The attached notes from 1 to 7 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
31 MARCH 2022 (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 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 28 April 2022.

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 31 March 2022 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 financial statements as at 31 December 2021. In addition, results of the three-month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

(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 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendments is not applicable to the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no material impact on the 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 31 March 2022. The subsidiaries that are included in the consolidated financial statements are as follows:

Company's Name	Paid in capital JD	Nature of activity	Percentage of Ownership		Company's type
			31 March 2022	31 December 2021	
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

AL-IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2022 (UNAUDITED)

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.

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.

AL-IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2022 (UNAUDITED)

(3) PROPERTIES UNDER DEVELOPMENT

The details of this item are as follows:

	31 March 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Lands (lower of cost or net realizable value)	1,230,176	1,230,176
Residential units* (at cost)	222,312	223,142
Projects under construction** (at cost)	1,942,107	1,942,107
Less: Provision for impairment of real estate investments*	(161,932)	(161,932)
	<u>3,232,663</u>	<u>3,233,493</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 2021, a provision amounting to JD 161,932 had been booked for real estate investments.

** 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.

(4) 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 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Due to related parties:		
Al-Ta'awon Company for Properties Management (Controlled by a major shareholder) *	20,610	20,379
Jordan Invest Company (The Parent Company)	57,003	43,011
	<u>77,613</u>	<u>63,390</u>

AL-IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
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*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	
	2022 JD (Unaudited)	2021 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 2022 and 2021.

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

	For the Three Months ended 31 March	
	2022 (Unaudited)	2021 (Unaudited)
Weighted average number of shares (Share)	4,486,627	4,486,627
Loss for the period (JD)	(5,919)	(3,166)
	JD/Fils	JD/Fils
Basic and diluted loss per share (JD) from the loss for the period	(0/001)	(0/001)

(6) INCOME TAX

The income tax provision was not calculated for the periods ended 31 March 2022 and 2021 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 2018.

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

(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.

Projects under development

Operations on the Jabal Amman project were suspended at the start of the pandemic, which led to delaying the completion date of the project. Management has not yet decided on the completion date of the project until the date of these interim condensed consolidated financial statements.