



شركة الإحداثيات العقارية م.ع.م
IHDATHIAT REALSTATE Co.Ltd

الإحداثيات العقارية
IHDATHIAT

To: Jordan Securities Commission
Amman Stock Exchange

Date: 19/4/2021

Subject: Audited financial statements for the
fiscal year ended 31st Dec 2020

السادة هيئة الأوراق المالية المحترمين
السادة بورصة عمان المحترمين

التاريخ: 19/4/2021

الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية في
31 كانون الأول 2020

Please find attached the audited financial statements
of Ihdathiat Real estate CO for the fiscal year ended
31st Dec 2020 in English .

مرفق طيه نسخة من البيانات المالية المدققة لشركة الإحداثيات
العقارية عن السنة المالية المنتهية في 31 كانون الأول 2020 باللغة
الانجليزية.

Regards

وتفضلوا بقبول فائق الاحترام...

Ala'a Al Masri
Chairman

Nadeen Al Qutieshat
Vice chairman

شركة الإحداثيات العقارية
رئيس مجلس الإدارة نائب رئيس مجلس الإدارة
الاء المصري نادين القطيشات

شركة الإحداثيات العقارية
المساهمة العامة المحدودة
عمان - الأردن

AL – IHDATHIAT REAL ESTATE COMPANY
PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2020



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Jordan

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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 Al-Ihdathiat Real Estate (a public shareholding company) ("the Company"), and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2020, consolidated statement of income and 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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, 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 year ended 31 December 2020. 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 .

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.

1- Impairment of Investment Properties	
The Group's disclosure about investments properties is included in note 3.	
Key Audit Item	How the key audit item was addressed in the audit
Investment property makes up 99.7% of Group's total assets as at 31 December 2020. Investment property is measured at cost less accumulated depreciation and less accumulated impairment losses. As a result, the annual impairment test for investment properties was considered a key audit matter.	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.

Other information included in the Company's 2020 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.



Responsibilities of Management and Those Charged with Governance for the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company 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 financial statements.

The partner in charge of the audit resulting in this auditor's report was Waddah Issam Barkawi; license number 591.

Amman – Jordan
29 March 2021



AL – IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

ASSETS	Notes	2020	2019
		JD	JD
Non-current assets -			
Financial assets at fair value through other comprehensive income		2,893	4,037
Properties under development	3	3,298,734	3,402,043
		<u>3,301,627</u>	<u>3,406,080</u>
Current assets -			
Other current assets	4	6,447	11,023
Cash on hand and bank balances	5	739	13,324
		<u>7,186</u>	<u>24,347</u>
Total Assets		<u>3,308,813</u>	<u>3,430,427</u>
EQUITY AND LIABILITIES			
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		(3,443)	(2,299)
Accumulated losses		(832,168)	(703,430)
Total Equity		<u>3,196,243</u>	<u>3,326,125</u>
Liabilities -			
Current liabilities			
Due to related parties	7	44,304	40,665
Other current liabilities	6	68,266	63,637
Total liabilities		<u>112,570</u>	<u>104,302</u>
Total Equity and Liabilities		<u>3,308,813</u>	<u>3,430,427</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 PROFIT AND LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>Notes</u>	<u>2020</u> JD	<u>2019</u> JD
Interest income		26	537
Dividends		-	322
Administrative expenses	8	(31,873)	(28,140)
Impairment provision on investment in properties	3	(100,000)	-
Other revenues		3,395	3,756
Bank charges		(10)	(38)
Marketing expenses		(276)	(400)
Loss for the year		<u>(128,738)</u>	<u>(23,963)</u>
		<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share			
from the loss for the year	10	<u>(0/029)</u>	<u>(0/005)</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 2020

	<u>2020</u>	<u>2019</u>
	JD	JD
Loss for the year	<u>(128,738)</u>	<u>(23,963)</u>
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	<u>(1,144)</u>	<u>(322)</u>
Total other comprehensive income for the year after tax	<u>(1,144)</u>	<u>(322)</u>
Total other comprehensive income for the year	<u><u>(129,882)</u></u>	<u><u>(24,285)</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 2020

	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 2020							
Balance as at 1 January 2020	4,486,627	(589,659)	65,940	68,946	(2,299)	(703,430)	3,326,125
Total comprehensive income for the year	-	-	-	-	(1,144)	(128,738)	(129,882)
Balance as at 31 December 2020	<u>4,486,627</u>	<u>(589,659)</u>	<u>65,940</u>	<u>68,946</u>	<u>(3,443)</u>	<u>(832,168)</u>	<u>3,196,243</u>
For the year ended 31 December 2019							
Balance as at 1 January 2019	4,486,627	(589,659)	65,940	68,946	(1,977)	(679,467)	3,350,410
Total comprehensive income for the year	-	-	-	-	(322)	(23,963)	(24,285)
Balance as at 31 December 2019	<u>4,486,627</u>	<u>(589,659)</u>	<u>65,940</u>	<u>68,946</u>	<u>(2,299)</u>	<u>(703,430)</u>	<u>3,326,125</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 CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 JD	2019 JD
<u>OPERATING ACTIVITIES</u>			
Loss for the year		(128,738)	(23,963)
Adjustments for -			
Depreciation		3,309	3,309
Impairment provision on investment properties	3	100,000	-
Interest income		(26)	(537)
Working capital changes -			
Due to related parties		3,639	3,164
Other current assets		4,576	(5,061)
Other current liabilities		4,629	754
Net cash flows used in operating activities		(12,611)	(22,334)
<u>INVESTING ACTIVITIES</u>			
Interest received		26	537
Net cash flows from investing activities		26	537
Net decrease in cash and cash equivalents		(12,585)	(21,797)
Cash and cash equivalents at beginning of the year		13,324	35,121
Cash and cash equivalents at the end of the year	5	739	13,324

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 2020

(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 April 12, 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 owned by Jordan Invest Company (Parent Company) by a percentage of 54%, and the financial statements are being consolidated with Jordan Invest Company (Parent Company).

The principal activities of the Company is 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 February 14, 2021.

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 2020

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 2020:

Company's Name	Paid in capital	Nature of activity	Percentage of Ownership		Company type
			2020	2019	
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 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 consolidated statement of comprehensive income from the date the Group gains control over the subsidiaries until that control ceases.

AL – IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2020

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

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 2019 except that the group has applied the following amendments as of 1 January 2020:

Amendments to IFRS 3: Definition of a Business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of “Material”

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

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

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. This relates to any reduction in lease payments which are originally due on or before 30 June 2021. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

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

(2-2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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.

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 income statement.

- These assets are no longer subject to impairment testing.
- Dividends income is recorded in the income statement.

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

Tax expenses represent accrued taxes and deferred taxes.

Income tax is provided in accordance with income tax regulations in the Hashemite Kingdom of Jordan and 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 financial statements. Also, the fair value of financial instruments is disclosed in Note (11).

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

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.

AL – IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2020

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements or have been written off are categories within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

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.

CASH AND CASH EQUIVALENT

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, bank balances and short-term deposits with an original maturity of three months or less.

USE OF ESTIMATES

The preparation of the 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.

AL – IHDATHIAT REAL ESTATE COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2020

(3) PROPERTIES UNDER DEVELOPMENT

The details of this item are as follows:

	2020	2019
	JD	JD
Lands (lower of cost or net realizable value)	1,230,176	1,230,176
Residential units *(at cost)	226,451	229,760
Project under construction (at cost)	1,942,107	1,942,107
Less: Impairment provision on investments properties*	(100,000)	-
	<u>3,298,734</u>	<u>3,402,043</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 these consolidated financial statements. In the year ended 31 December 2020 an impairment provision on investment properties was recorded that amounted to JD 100,000.

Movement on Investment properties impairment provision is as follows:

	2020	2019
	JD	JD
Balance at 1 January	-	-
Provision for the year	(100,000)	-
Balance as at 31 December	<u>(100,000)</u>	<u>-</u>

(4) OTHER CURRENT ASSETS

	2020	2019
	JD	JD
Refundable deposits	750	750
Prepaid expenses	2,532	4,783
Others	3,165	5,490
	<u>6,447</u>	<u>11,023</u>

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(5) CASH ON HAND AND BANK BALANCES

The details of this item are as follows:

	<u>2020</u> JD	<u>2019</u> JD
Cash on hand	78	72
Bank deposits*	-	11,139
Current accounts	661	2,113
	<u>739</u>	<u>13,324</u>

* This item represents deposits in Jordanian Dinars at Cairo Amman Bank, renewed on a monthly basis with an annual average interest rate of approximately 3% during 2020 (2019: 3%).

(6) OTHER CURRENT LIABILITIES

	<u>2020</u> JD	<u>2019</u> JD
Shareholders deposits	59,126	59,126
Others	9,140	4,511
	<u>68,266</u>	<u>63,637</u>

(7) RELATED PARTIES TRASACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and companies of which are principal owners. 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>2020</u> JD	<u>2019</u> JD
Due to related parties:		
Al-Ta'awon Company for Properties Management (Controlled by a major shareholder) *	17,756	15,078
Jordan Invest Company (Parent Company)	26,548	25,587
	<u>44,304</u>	<u>40,665</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 comprehensive income are as follows:

	<u>2020</u>	<u>2019</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 executives for the years 2020 and 2019.

Subsidiaries

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

Company's Name	Paid in capital JD	Nature of activity	Percentage of Ownership		Company's type
			31 December 2020	31 December 2019	
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

(8) ADMINISTRATIVE EXPENSES

The details of this item are as follows:

	<u>2020</u>	<u>2019</u>
	JD	JD
Fees, licenses, stamps and subscriptions	8,762	7,115
Legal and professional fees	10,910	9,211
Stationery and publications	507	1,482
Post and telephone	200	2,600
Rent	2,005	2,000
Depreciation	3,309	3,309
Maintenance	174	120
Others	6,006	2,303
	<u>31,873</u>	<u>28,140</u>

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(9) INCOME TAX

The income tax provision was not calculated for the years ended 31 December 2020, 2019 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. (38) for 2018 which took effect on 1 January 2019.

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

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

(10) LOSS PER SHARE

	<u>2020</u>	<u>2019</u>
Loss for the year (JD)	(128,738)	(23,963)
Weighted average number of shares during the year (Share)	<u>4,486,627</u>	<u>4,486,627</u>
	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share from the loss for the year	<u>(0/029)</u>	<u>(0/005)</u>

(11) FAIR VALUE

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

	<u>2020</u>	<u>2019</u>
Shares in listed companies/ Jordan		
Arab Bank	2,892	4,037
	<u>2,892</u>	<u>4,037</u>

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

	2020	2019
Balance at Jan 1	4,037	4,359
Change in fair value of financial assets at fair value through other comprehensive income	(1,144)	(322)
Balance at Dec 31	2,893	4,037

(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 exposed to interest rate risk on its interest-bearing assets such as bank deposits.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

The following table demonstrates the sensitivity of the income statement to reasonably possible changes in interest rates as of 31 December, with all other variables held constant.

2020-	Increase / (decrease)	Effect on loss of the year
Currency	point	JD
Jordanian Dinar	100	111
Jordanian Dinar	(100)	(111)
2019-	Increase / (decrease)	Effect on loss of the year
Currency	point	JD
Jordanian Dinar	100	111
Jordanian Dinar	(100)	(111)

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.

Liquidity risk

Liquidity risk is the risk that the Group will not meet its obligations under its financial liabilities based on contractual maturity dates. The Group monitors its liquidity by ensuring availability of funds to meet its obligations at their maturity dates.

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 3,196,243 as at 31 December 2020 (2019: JD 3,326,125)

(14) STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE

The 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 standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 - Insurance Contracts. The standard 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.

The standard general model is supplemented by the variable fee approach and the premium allocation approach.

This standard is not expected to have a material impact on the Group.

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

In January 2020, 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,
- the 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,
- and 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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

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

IBOR reform Phase 2

IBOR reform Phase 2, which will be effective on 1 January 2021, includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR).

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis. IBOR reform Phase 2 provides temporary reliefs that allow the Group's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Group to amend hedge designations and hedge documentation. This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and / or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place.

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For the retrospective assessment of hedge effectiveness, the Group may elect on a hedge by hedge basis to reset the cumulative fair value change to zero.

The Group may designate an interest rate as a non-contractually specified, hedged risk component of changes in the fair value or cash flows of a hedged item, provided the interest rate risk component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives. For new RFRs that are not yet an established benchmark, relief is provided from this requirement provided the Group reasonably expects the RFR to become separately identifiable within 24 months.

For hedges of groups of items, the Group is required to transfer to subgroups those instruments that reference RFRs. Any hedging relationships that prior to application of IBOR reform Phase 2, have been discontinued solely due to IBOR reform and meet the qualifying criteria for hedge accounting when IBOR reform Phase 2 is applied, must be reinstated upon initial application.

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 amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not applicable to the Group.

(15) THE OUTBREAK OF CORONAVIRUS (COVID-19) AND ITS IMPACT ON THE COMPANY

The coronavirus has had an impact on the global economy and caused disruption in global markets together with travel restrictions which has adversely impacted various sectors. Further to the above, the Cabinet of Jordan decided to cease all commercial travel to and from the Kingdom effective 17 March 2020 until 4 September 2020 and tightened travel procedures, in addition to the quarantine of arrivals to the Kingdom.

The Jordanian Prime Minister issued the following defense orders under defense Law No. 13 for the year 1992 which have directly or indirectly affected the Group's operations and performance:

Defense Order No. 1 which suspends certain provisions of Social Security Law No. 1 of 2014 and its amendments and the regulations applied by the Social Security Corporation. This including the suspension of the application of old-age insurance for the months of March, April and May 2020 for all those subject to the Jordanian Labor Law in the private sector.

Defense Order No. 6 which sets the wages of workers in private sector and any other organization subject to the Jordanian Labor Law as follows:

Workers who perform their work in the workplace are entitled to their full wages. It is permissible for the employer to agree with the employees to reduce wages up to 30% of the employees' wage granted that this policy is applied across the entire entity including the salaries of top management personnel.

Full time workers who perform their work remotely at the entities which are authorized to work remotely or those included in the suspension decision are entitled to receive their full wages.

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Part time workers who perform their work remotely at the entities which are authorized to work remotely or those included in the suspension decision are entitled to receive their wages based on the actual hours worked granted that the wages received are no less than the minimum wage in place or as stated in the Defense Order.

Employers who are authorized to operate at a lower capacity or those who are included in the suspension decision may request from the Minister of Labor the authorization to pay employees wages equaling no less than 50% of the ordinary wages provided that the wages paid are no less than the minimum wage in place.

Defense Order No. 6 was further amended on 31 May 2020 as follows:

In the most affected economic sectors and based on mutual agreement, the amendment allows the employer to deduct up to 30% of the worker's monthly wages for each of the months of May and June of the year 2020 for the worker present at the workplace or working remotely and without coercion or pressure by the employer under penalty of liability and the penalties stated in the Defense Order. This is provided that the worker receives no less than the minimum wage and that the reduction begins with the wages of the higher management employees in the institution.

Reduction from workers' monthly wages without requiring the approval of the worker or the Ministry of Labor, due to the economic circumstances of the employer and at the same time the need to maintain the minimum wage of workers who are not required to work so that the rate of reduction does not exceed 50% for the months of May and June of the year 2020. This is provided that the worker's wage after the reduction is no less than the minimum wage, all of this in sectors in general, other than those classified as more adversely affected.

In the most affected economic sectors, the employer can deduct up to 60% of the monthly wage of the worker. This is provided that the worker's wage after the reduction is no less than JD 150 per month without requiring the approval of the Ministry of Labor or the worker.

The employer can deduct 50% of the annual leave balance for the year 2020 for workers who are not assigned to work on the site of the institution or remotely for a period of thirty days or more during the period extending from the mandate of the Defense Law.

Other decisions were also issued by various Government agencies to assist in the continuity of various sectors of the Jordanian economy by reducing the financial burden to these sectors. Examples include the following:

The Central Bank of Jordan's resolution to compel all operating Jordanian banks to postpone loan installments payable by companies and individuals without imposing any penalties or additional financial burdens.

The Central Bank of Jordan's resolution to reduce the interest rates on credit facilities.

The Central Bank of Jordan's resolution to provide the financing needs for the public and private sectors at low interest rates to finance its operations.

The Central Bank of Jordan's resolution to reduce the costs associated with its sponsored programs to support the economic sectors.

The Company's investments and operating activities were not affected by the current circumstances, which had a direct and indirect impact on various sectors. The Management has prepared a study of the Company to take appropriate measures to enable it to continue its activity in light of the current circumstances where operational activities may be affected by global developments that currently affect various