Arab Phoenix Holdings Company
(Public Shareholding Company - Holding Company)
And its subsidiaries (The Group)
Amman - Jordan

Consolidated Financial Statements
For the year ended December 31, 2022
Together with the Independent Auditor's Report

Arab Phoenix Holdings Company
(Public Shareholding Company – Holding Company)
And It's Subsidiaries (The Group)
Amman – Jordan
Consolidated Financial Statements For the Year Ended December 31, 2022

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Al-Tillawi & Al-Khateeb Co.
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Independent Auditor's Report

To the General Assembly of
Arab Phoenix Holdings Company
(Public Shareholding Company – Holding Company)
And its subsidiaries (The Group)
Amman - Jordan

Qualified Opinion

We have audited the accompanying consolidated financial statements of **Arab Phoenix Holding Company (Public Shareholding Company – Holding Company) and its subsidiaries ("The Group")**, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of profit or loss and other comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, and except for the effect of the matters described in the basis for qualified opinion below, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

1. The company's management has not recorded the necessary provisions in accordance with IAS (37) "Provisions, contingent liabilities and contingent assets" against stamp fees and related delay fines amounted to JOD (830) thousand for the year ended December 31، 2022 which resulted from a claim raised against one of the group's subsidiaries (Tameer for Investments) regarding these stamp fees and related delay fines in relation to the partnership agreement signed between the company and Housing and Urban Development Corporation (HUDC) for the construction of integrated services residential city in Giza Area (Ahl Al-Azem Project) referred to in note (7) as the subject matter still under study and follow-up with relevant parties. In case the Group's management recorded this provision, the opening balance of accumulated losses and stamp fees provision and its related fines included in the other credit balances will increase by the same amount.
2. The accumulated losses balance as of December 31, 2022 includes a credit balance amounted to JOD (810) thousand which represents accrued expenses reversed to the other income during the year ended December 31, 2017. This credit balance had been recorded in previous years under trade payables and other credit balances. The pervious auditor has been issued a qualified opinion for not being able to obtain sufficient and appropriate audit evidence about the accuracy of these amounts during previous years. Accordingly, we were unable to determine whether any adjustments were necessary to the accumulated losses opening balance in the accompanying consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in accordance with International Ethics Standards Board for Accountants Code of Ethics, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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Independent Auditor's Report (Continued)

To the General Assembly of
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Emphasis of Matters Paragraphs

Without further qualifications in our opinion, we would draw your attention to the following:

1. As indicated in note No. (27) which states that there are restrictions over the Group's movable and immovable funds due to lawsuits raised against the Group by the local Jordanian Courts for the benefit of different parties, in addition to accumulated losses in the group and its subsidiaries and the deficit in the groups` working capital with approximate amount of JOD (6.1) million as described in the note referred above. According to International Standards on Auditing these conditions indicate the existence of material doubts about the group's ability to continue as a going concern. Despite of the existence of the above-mentioned indicators for several years with different percentages and amounts, the group was able to continue its business. Furthermore, the Group management has prepared a plan of action till 31 December 2023 to address these conditions and to ensure the business continuity, accordingly, these consolidation financial statements have been prepared on going concern basis.
2. The agreements signed between Red Sea Resort for Real Estate Development Company (Subsidiary Company) and Aqaba Special Economic Zone Authority related to the construction of the Red Sea Resort Project referred to note (7) includes penalty clauses which states that in the event the project is not completed on the dates specified under the agreement, the company must compensate the authority for the breakdown and damage penalties arising from this delay. The company has obtained a written approval to extend the completion period of the project till 31 March 2023. The company also obtained approval from the Aqaba Special Economic Zone Authority to exempt the company from fines incurred as a result of the delay in the implementation of the project subject to the completion of the projects within the extended time period. The company was previously unable to complete the project on its specified dates. Moreover, the expected fines and benefits were not estimated in the event of non-compliance with the implementation period granted to the company.
3. As indicated in note No (7), Housing and Urban Development Corporation HUDC has raised a lawsuit against the Group to prevent opposition to benefit of real estate, removing facilities and compensating expenses related to "Ahl Alazem Project" which its net value amounted to JOD (5) million as at December 31, 2022. However, and based on the group's lawyer consultation that management relied on, the agreement states that the group should be compensated for all executed works if the HUDC has decided to terminate the agreement except for any off-specifications works. Regarding the claim for the expenses of assessing the executed works till now, the required provision was recorded and regarding the cost of removing any off-specifications executed works the management has considered it as immaterial although the related impairment and provisions have been recognized based on the real estate assessors. Accordingly, the management does not expect additional losses from what has been recognized in the consolidated financial statements so far. In the opinion of the group's management, the options presented are still under discussion with the concerned authorities, including the continuation of the project.
4. As indicated in note No (8) -lands under exploitation and development-, which represents lands owned by the group under agreements signed with Natural Resources Investment and Development Corporation (Mawared) not registered in the name of the groups` subsidiaries, as the completion of procedures for registering these lands in the name of the group depends mainly on the completion of the projects agreed under these agreements. Also note (7) lands under development and residential projects under construction, includes Ahl Al Azm Project which is constructed over lands not owned by the Group under the partnership agreement signed between one of the group's subsidiaries and the Public Housing and Urban Development corporation HUDC.

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Independent Auditor's Report (Continued)

To the General Assembly of
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Amman – Jordan

Other matters

The accompanying consolidated financial statements are a translation of the consolidated financial statements in the Arabic language to which reference should be made.

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 of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters mentioned in the basis for qualified opinion and emphasis of matters paragraphs above key audit matters are described below:

1- **The determination of net realizable value of Investment property, lands under development and residential projects under construction, lands under exploitation and development stage, lands inventory and villas available for sale inventory.**

Description of the key audit matter	How the matter was addressed in our audit
The Group owns Investment property, lands under development and residential projects under construction, lands under exploitation and development stage, lands inventory and villas available for sale inventory with carrying amount of JOD (62,123,123) which represents (95%) of the Group's total assets as of December 31, 2022 comparing to JOD (65,186,672) which represents (93%) of the Group's total assets as of December 31, 2021. According with the requirements of International Financial Reporting Standards, the Group should determine the net realizable value (NRV) of these assets and the expected amount of its capital commitments and to assess impairment (if any), in addition to the determination of the NRV at the expected selling price in the normal course of business less the expected selling costs, such matters require a significant judgments and estimates from the management to determine the NRV / impairment, as the group exercises judgment and estimates over the inputs used to determine the NRV / impairment including the valuation from real estate valuators, discounting of future cash flows and projects cost to complete calculations. Accordingly, the determination of the NRV / impairment of these assets by management is considered a key audit matter. The accounting policies and critical judgments relative to the Investment property, lands under development and housing projects under construction, lands Inventory, villas inventory available for sale are summarized in Notes 2, 3, 6, 7, 8, 9, and 13 to the consolidated financial statements.	Our audit procedures included the assessment of the Group's internal controls for the method used to determine the NRV of the Investment property, lands under development and residential projects under construction, lands under exploitation and development stage, lands Inventory and villas available for sale inventory to be compared with its carrying amount to identify impairment (if any), in addition to the assessment of the estimates used by management to determine the NRV/ impairment over the Investment property, lands under development and residential projects under construction, lands under exploitation and development stage, lands Inventory and villas available for sale inventory. We have compared these estimates with the requirements of IFRS and discussed with management based on the available information. Furthermore, our audit procedures include evaluating the methodology as well used and the appropriateness of the valuation models and inputs used to determine the NRV / impairment of the Investment property, lands under development and residential projects under construction, lands under exploitation and development stage, lands Inventory and lands and villas available for sale inventory. Reviewing the project's cost to complete calculations, the reasonableness of the most important inputs used in the valuation process by reviewing the discounted future cash flows and the real estate valuations provided by the real estate valuators and other inputs, we also assessed the sufficiency of the important estimate's disclosures.

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Independent Auditor's Report (Continued)

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2- Legal cases and contingent liabilities

Description of the key audit matter	How the matter was addressed in our audit
In the normal course of business, contingent liabilities may arise from legal cases held against the Group and related fines. The amounts involved maybe significant and requires the application of International Financial Reporting Standards to determine the related exposure, if any, to be recognize the related liability (if any), determining of such liabilities requires management judgments and estimates, accordingly the determination of the contingent liabilities is considered a key audit matter. The disclosures related to the legal and contingent liabilities are summarized in Notes 2, 3, 22 and 26 to the consolidated financial statements.	Our audit procedures included the assessment of the Group's internal controls to determine the liabilities and the review of correspondence with the regulatory parties and the Group's external legal consultants on all significant legal cases, discussions with the Group's external legal consultant when necessary. In addition, we obtained formal confirmations from the Group's external legal consultants for all significant litigation and analyzed correspondences with regulators. We also assessed the sufficiency of disclosures made by the Group.

3- Revenue recognition

Description of the key audit matter	How the matter was addressed in our audit
Revenue recognition has been considered as a key audit matter due to the risk of errors in the revenues recording and recognizing. The Group focuses on revenues as a key indicator of its performance. The revenue disclosures are set out in Notes 2 and 3 to the consolidated financial statements.	Our audit procedures include the assessment of the Group's accounting policies and internal procedures for the revenue recognizing in accordance with IFRSs. We also reviewed the Group's procedures used to ensure the completion of the revenue recognition elements and the full transfer of the Group's ownership to external parties in accordance with the sales contracts between all parties. We also assessed the adequacy of the policies and procedures prepared and adopted by the Group's management.

Other Information

Management is responsible for the other information. The other information does not include the consolidated financial statements and our auditors' report on the consolidated financial statements.

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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We were not provided with the annual report of the group or any other information as it relates to this paragraph until the date of this report.

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Independent Auditor's Report (Continued)

To the General Assembly of
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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management considers is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the consolidated financial reporting preparation process.

Auditors' 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 our audit report that includes our opinion on the consolidated financial statements.

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 aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of audit process 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 expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, we will modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent Auditor's Report (Continued)

To the General Assembly of
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- 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 on the consolidated financial statements of the Group.
- We communicate with those charged with governance regarding, 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determined 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 audit 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 reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements as of 31 December 2022

The Group maintains proper accounting records. The accompanying consolidated financial statements are, in all material aspects, in agreement with the Group's accounting records, and we recommend that the Group's General Assembly approves these consolidated financial statements after taking into consideration the basis for qualified opinion and emphasis of matters paragraphs above.

Certified Auditors

Ibrahim Al-Khatib
License No. (684)

شركة التلاوي والخطيب
GA
Certified Auditors
Al-Tillawi & Al-Khateeb Co.

Amman–Jordan
14 March 2023

Arab Phoenix Holdings Company
(Public Shareholding Company – Holding Company)
And It's Subsidiaries (The Group)
Amman – Jordan
Consolidated Statement of Financial Position

	Note	As of December 31, 2022	As of December 31, 2021
Assets		**JD**	**JD**
Non-current assets			
Investment's property	6	8,408,314	8,492,816
Lands under development and residential projects under construction	7	36,443,194	39,286,556
Lands under exploitation and development	8	2,936,557	3,445,694
Lands inventory	9	9,237,318	10,465,270
Property and equipment	10	12,613	6,362
Investment in associate company	11	2,061	2,492
Financial assets at fair value through other comprehensive income	12	1,868	4,213
Total non-current assets		**57,041,925**	**61,703,403**
Current assets			
Villa's inventory available for sale	13	5,097,740	3,496,426
Construction materials inventory	14	2,341,528	2,673,302
Trade receivables and other debit balances	15	442,194	1,902,159
Checks under collection		241,478	162,213
Cash and cash equivalents	17	37,945	61,194
		8,160,885	**8,295,294**
Assets held for sale	18	29,700	56,775
Total current assets		**8,190,585**	**8,352,069**
Total assets		**65,232,510**	**70,055,472**
Shareholders' equity and liabilities			
Shareholders' equity			
Paid up capital	1	86,840,292	86,840,292
Fair value reserve	12	(286,199)	(283,854)
Excess of purchase cost over the book value of the owned shares in subsidiary		183,444	183,444
Accumulated losses		(43,157,127)	(41,368,013)
Net shareholders' equity		**43,580,410**	**45,371,869**
Non-current liabilities			
Advance payments received against sales - long term	19	7,383,644	11,481,991
Total non-current liabilities		**7,383,644**	**11,481,991**
Current liabilities			
Advance payments received against sales - short term	19	5,282,533	2,495,381
Trade payables and other credit balances	20	6,051,768	7,056,561
Income tax provision	21	84,956	794,645
Lawsuit's provision	22	2,849,199	2,855,025
Total current liabilities		**14,268,456**	**13,201,612**
Total liabilities		**21,652,100**	**24,683,603**
Total liabilities and shareholders ' equity		**65,232,510**	**70,055,472**

The accompanying notes on pages from (11) to (48) are an integral part of these consolidated financial statements.
The consolidated financial statements on pages from (7) to (48) were approved by the board of directors on 14 March 2023

General Manager **Financial Manager**

Arab Phoenix Holdings Company
(Public Shareholding Company – Holding Company)
And It's Subsidiaries (The Group)
Amman – Jordan

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	For the year ended December 31, 2022	2021
		JD	JD
Sales of villas and lands		4,501,410	3,688,449
Cost of sales villas and lands		(4,528,043)	(3,862,424)
Net losses from selling villas and lands		**(26,633)**	**(173,975)**
Impairment losses from investment property	6	(84,502)	(155,648)
(Impairment loss) reversal from lands inventory, villas, lands under exploitation and projects under construction	7,8,9,13	(867,175)	255,737
Company's share from associate company operating results	11	(431)	(1,325)
Impairment losses and damaged from construction materials inventory	14	(307,915)	(46,010)
Reversal from (expense) of expected credit losses	15	13,703	(58,036)
Impairment losses from assets held for sale	18	-	(88,051)
Gain from sale of assets held for sale		9,707	2,657
Reversal form (expense) of tax fines provision	21	439,008	(100,994)
Lawsuits provision expenses	22	(243,355)	(6,870)
Other revenues and expenses	23	305,829	14,448
Administrative expense	24	(1,027,350)	(863,740)
Loss for the year before income tax		**(1,789,114)**	**(1,221,807)**
Income tax expense for the year and prior years	21	-	-
National contribution expense for the year	21	-	-
Loss for the year		**(1,789,114)**	**(1,221,807)**
Other comprehensive income items that will never be reclassified to profit or loss statement:			
Change in fair value for financial assets at fair value through other comprehensive income	12	(2,345)	2,665
Total comprehensive loss for the year		**(1,791,459)**	**(1,219,142)**
Basic and diluted loss per share for the year	25	(0.0206)	(0.0140)

The accompanying notes on pages from (11) to (48) are an integral part of these consolidated financial statements.
The consolidated financial statements on pages from (7) to (48) were approved by the board of directors on 14 March 2023.

General Manager **Financial Manager**

Arab Phoenix Holdings Company
(Public Shareholding Company – Holding Company)
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Amman – Jordan
Consolidated Statement of Changes in Shareholders' Equity

	Paid up Capital	Fair value reserve	Excess of purchase cost over the book value of the owned shares in subsidiary*	Accumulated losses	Net Shareholders' Equity
	JD	**JD**	**JD**	**JD**	**JD**
For the year ended December 31, 2022					
Balance as at January 1, 2022	86,840,292	(283,854)	183,444	(41,368,013)	45,371,869
Loss for the year	-	-	-	(1,789,114)	(1,789,114)
Other comprehensive income items	-	(2,345)	-	-	(2,345)
Balance as of December 31, 2022	**86,840,292**	**(286,199)**	**183,444**	**(43,157,127)**	**43,580,410**
For the year ended December 31, 2021					
Balance as at January 1, 2021	86,840,292	(286,519)	183,444	(40,146,206)	46,591,011
Loss for the year	-	-	-	(1,221,807)	(1,221,807)
Other comprehensive income items	-	2,665	-	-	2,665
Balance as of December 31, 2021	**86,840,292**	**(283,854)**	**183,444**	**(41,368,013)**	**45,371,869**

- According to the Jordanian Securities Commission instructions the negative value of the cumulative change in fair value included in the retained earnings is prohibited from distribution to shareholders.

* This item resulted from the group acquisition of the remaining 49% shares in Tanfeeth for Construction Company accordingly becoming fully owned (subsidiary company) during the year 2015.

The accompanying notes on pages from (11) to (48) are an integral part of these consolidated financial statements.

Arab Phoenix Holdings Company
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Amman – Jordan

Consolidated Statement of Cash Flows

	Note	For the year ended December 31, 2022	2021
Cash flows from operating activities		**JD**	**JD**
Loss for the year before income tax		(1,789,114)	(1,221,807)
Adjustments:-			
Impairment losses from Investment property	6	84,502	155,648
Impairment losses (reversal from) lands inventory, villas, lands under exploitation and projects under construction	7,8,9,13	867,175	(255,737)
Depreciation	10	2,310	2,477
Gain from sale of property and equipment		(2,100)	(3,500)
Company's share from associate company operating results	11	431	1,325
Losses from sale of villas inventory available for sale		26,633	173,975
Assets Held for sale impairment losses	18	-	88,051
Impairment losses from Construction material inventory and damaged	14	307,915	46,010
(Reversal from) expense for expected credit losses	15	(13,703)	58,036
Gain from sale of assets held for sale		(9,707)	(2,657)
(Reversal from) expenses for provision of tax fines	21	(439,008)	100,994
Lawsuits provision expense	22	243,355	6,870
		(721,311)	**(850,315)**
Changes in:			
Construction materials inventory		23,859	19,859
Trade receivables and other debit balances		29,081	123,183
Trade payables and other credit balances		(203,587)	493,579
Checks under collection		(79,265)	(93,429)
Advance payments received against sales		472,490	137,489
Net proceeds from sale of villas inventory available for sale and lands		1,550,488	929,532
Additions over lands and projects under constructions and villas inventory		(767,574)	(538,887)
		304,181	**221,011**
Income tax paid	21	(270,681)	(241,912)
Lawsuits settlements paid	22	(62,288)	(7,192)
Net cash flows used in the operating activities		**(28,788)**	**(28,093)**
Cash flows from investing activities			
Purchase of property and equipment	10	(8,561)	(1,439)
Proceeds from sale of property and equipment		2,100	3,500
Change in investment in associate company		-	25,336
Proceeds from sale of assets held for sale		12,000	12,500
Net cash flows from investing activities		**5,539**	**39,897**
Net change in cash and cash equivalents during the year		(23,249)	11,804
Cash and cash equivalents at the beginning of the year	17	61,194	49,390
Cash and cash equivalents at the end of the year	17	**37,945**	**61,194**
Non cash transactions:			
Transferring lands under development to villas inventory		7,067,514	2,910,824
Transfer the ownership of villas and lands inventory against lawsuits, advance payments and trade payables		2,950,922	2,758,917
Transferring from trade receivables and other debit balances to Lands Inventory		1,444,587	-
Transfer the ownership of assets held for sale against trade payables		24,782	-

The accompanying notes on pages from (11) to (48) are an integral part of these consolidated financial statements.

1) General

Arab Phoenix Holdings Company (Previously Taameer Jordan Holdings) public shareholding company "The Company" was established and registered in the ministry of industry and trade of Jordan under no (378) on December 19, 2005. The authorized paid-up capital amounted (212) million shares (1JOD /share) and paid-up capital amounted to JOD (211,982,573) as of December 31, 2014.

The General Assembly decided in its extraordinary meeting held on April 30, 2007 to change the company's legal status to become Taameer Jordan Holdings public shareholding company (holding company).

The General assembly decided in its extraordinary meeting held on April 18, 2015 to decrease the company's capital through amortizing the accumulated losses amounted to JOD (125,142,281) as of December 31, 2014 from its paid-up capital (211,982,573) JOD/Share, accordingly paid up capital after decrease is now amounted to (86,840,292) JOD/Shares, The Company completed the capital decrease procedures in the ministry of industry and trade of Jordan during 2015.

The general assembly decided in its extraordinary meeting held on April 12, 2017 to change the Company's name, the board of directors completed the related procedures at the Companies Control Department to change the Company's name to be (Arab Phoenix Holdings Company) previously Taameer Jordan Holdings.

The Company's Head office is located in Amman - Jordan, Um Othainah.

The consolidated financial statements for the year ended December 31, 2022 were approved by the Board of Directors on its meeting held on March 14, 2023 and they are still subject to the Group's General Assembly approval.

The main objectives of the Company are:

- Trademarks and public agencies.
- Representation of local and foreign companies.
- Pursuit all businesses.
- Patents agencies.
- Ownership and rental of movable and immovable funds, for achieving the company's objectives.
- Properties finance leasing, borrow funds needed for it from banks.
- Contracting with any party to achieve the company's objectives.
- Entering into investment contracts and partnership.

2) Basis of preparation of consolidated financial information

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for: the financial assets at the fair value through profit or loss and financial assets at the fair value through other comprehensive income measured at fair value, financial assets and financial liabilities at amortized cost.

c) Functional and presentation currency

The consolidated financial statements are presented in Jordanian Dinar, which is the Group's functional currency.

d) Basis of financial statements consolidation

The consolidated financial statements comprise the financial statements of Arab Phoenix Holdings (The Parent Company) and its subsidiaries "The Group", which are subject to its control. Subsidiaries are entities controlled by the Group. the Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of the subsidiaries is included in the consolidated financial statements from the date on which controls commences until the date on which control ceases.

The consolidated financial statements of subsidiaries are prepared for the same financial year as the parent company and using the same accounting policies applied from the parent company.

The Company owns the following subsidiaries and associates as of December 31, 2022:

	Authorized Capital	Paid up capital	Ownership	Main Activity	Country of operation
	JD	JD			
Al- Andalusia company for Tourist resorts and housing projects	6,000,000	6,000,000	%100	Construction, management and ownership of hotels and resorts, buying lands and construction of projects activities.	Amman-Jordan
Al- Qabas real estate development Company	2,000,000	2,000,000	%100	Purchase and development of lands, construction of housing projects for re-sale and rent activities.	Amman-Jordan
Tiraz for construction Company	200,000	100,000	%100	Implementation all Arab Phoenix Holding company projects and manage the construction of these projects.	Amman-Jordan
Al Madariyoun Concrete Industries Company	200,000	100,000	%100	Preparation and processing of concrete molds and prefabricated concrete industries.	Amman-Jordan
Al Madariyoun Fabrication Industries Company	30,000	15,000	%100	Manufacturing and forming a timber to manufacture doors and furniture, and manufacturing and pulling aluminum and plastic windows.	Amman-Jordan
Taameer for investment Company	30,000	15,000	%100	Construction of housing projects of all types, construction, management and ownership of hotels and resorts.	Amman-Jordan
Al- Rawabet for real estate development Company	30,000	15,000	%100	Construction of trading complexes and renting, buying and selling of real estates and lands.	Amman-Jordan
Red sea resort for real estate development Company	30,000	15,000	%100	Construction of housing projects and trading complexes ,buying and selling of real estates and lands after development, Construction, management and ownership of hotels and resorts.	Amman-Jordan
Tanfeeth for construction Company	300,000	300,000	%100	Implementation of construction contract and specializing in Electro mechanic business.	Amman-Jordan
Al Jamal Al-Arabi for real estate development company	1,194,460	1,194,460	%100	Buying and splitting real estate and land with the intention of selling it.	Amman-Jordan
Jordanian Qabas for real estate development company	2,043,946	2,043,946	%100	Buying and splitting real estate and land with the intention of selling it.	Amman-Jordan
Al Maha land investment & real estate development company	394,916	394,916	%100	Buying and splitting real estate and land with the intention of selling it.	Amman-Jordan
Al Maha for Property Development Company (Associate Company)	12,000,000	12,000,000	%33.33	Real estate development.	Amman-Jordan

* There is a restriction on the parent company's shares in its subsidiaries and associates against litigations raised against the group as of December 31, 2022 and December 31, 2021.

The following table represents the financial position and financial performance of the subsidiaries as of December 31, 2022:

	Total Assets	Total Liabilities	Total Revenue	Profit (Loss) for the year
	JD	JD	JD	JD
Al-Andalusia company for tourist resorts and housing projects	24,853,341	5,942,675	1,075,047	(1,890,084)
Al- Qabas real estate development company	19,893,311	17,525,310	2,123,174	(910,651)
Al Tiraz for construction	3,581,798	188,271	-	(10,805)
Al Madariyoun concrete industries	6,138,334	7,979,380	-	(151,024)
Al Madariyoun fabrication industries	2,491,376	3,165,392	-	(84,872)
Taameer for investment	5,039,490	6,286,702	-	(600,662)
Al- Rawabet for real estate development	-	42,166	-	(6,724)
Red sea resort for real estate development	20,312,221	18,592,900	1,303,189	48,301
Tanfeeth for construction	5	304,297	-	(6,736)
Al Jamal Al-Arabi for real estate development company	955,710	1,658	-	(181,304)
Jordanian Qabas for real estate development company	1,664,867	1,568	-	(280,407)
Al Maha land investment & real estate development company	315,980	1,497	-	(48,737)

* During the second quarter of the year 2019, the Group completed the procedures for acquiring four new companies with an ownership percentage of (100%), which represents the Group's shares in the investment in the associate company "Al-Maha Real Estate Development Company" as shown in (Note - 11).

The results of the subsidiary are consolidated in the consolidated statement of profit or loss and other comprehensive income at the date of acquisition, which is the date that actual control is obtained over the subsidiary.

The parent company controls subsidiaries when it is exposed, or has rights, to variable returns from its involvement with these subsidiaries and has the ability to affect those returns through its power over these subsidiaries.

Thus, the principle of control sets out the following three elements of control:

1. Power over the investee.
2. Exposure, or rights, to variable returns from its involvement with the investee; and
3. The ability to use power over the investee to affect the amount of the investor's returns.

The parent company should reassess whether it controls on subsidiary if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Any gain on bargain purchases is recognized in statement of profit or loss and other comprehensive income immediately. Transactions costs are expensed as incurred, except if related to the issue of debt or securities.

The consideration transferred does not include amounts related to the settlement of pre- existing relationship. Such amounts are generally recognized in consolidated statement of profit or loss and other comprehensive income.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in consolidated statement of profit or loss and other comprehensive income.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. This means that no gain or loss from these changes should be recognized in profit or loss. It also means that no change in the carrying amounts of the subsidiary's assets (including goodwill) or liabilities should be recognized as a result of such transactions.
On loss of control, the parent-subsidiary relationship ceases to exist. The parent no longer controls the subsidiary's individual assets and liabilities. Therefore, the parent company:

1- Derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position.
2- Recognizes any investment retained in the former subsidiary at its fair value when control is lost subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant lFRS.
3- Recognizes the gain or loss associated with the non-controlling interest.

Consolidated financial statements are prepared for the subsidiaries to the same financial year of the parent company and using the same accounting policies adopted by the parent company. If one of the subsidiary use accounting policies other than those adopted in the consolidated financial statements for similar transactions and events in similar circumstances, appropriate adjustments are made to that Group subsidiary's financial statements, in preparing the consolidated financial statements to ensure conformity with the International Financial Reporting Standards.
Non-controlling interest are measured at their proportionate share of the acquirer's identifiable net assets at the acquisition date.
Balances, transactions and unrealized profits and expenses resulted from transactions within the group are eliminated when preparing these consolidated financial statements.

(a) Use of Judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis revision to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

- **Judgments:**

The following is a summary of significant matters that materially affect the amounts of assets and liabilities in the consolidated financial statements:
Classification of financial assets: An evaluation of the business model according to which assets are held and determining whether the contractual terms of the financial assets are of the principal amount and interest is on the original outstanding and unpaid amount.

Setting new standards to determine whether the financial assets have decreased significantly since their initial recognition and specifying a methodology for future aspirations and methods for measuring the expected credit loss.

Extension and termination options are included in a number of leases. These terms are used to increase operational flexibility in terms of contract management. Most of the hold and termination options held are renewable by both the Group and the lessor.

When determining the term of a lease, management considers all facts and circumstances that create an economic incentive for an option to extend, or not to terminate. The extension options (or periods after the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of an important event or a significant change in the circumstances that affect this evaluation and that are under the control of the tenant.

- **Uncertainty assumptions and estimates:**

Information about assumptions and uncertainties as of December 31, 2022 that involve significant risks arising from a material adjustment to the carrying amount of assets and liabilities in the financial year includes:

- Management periodically reassesses the economic useful lives of tangible assets based on the general condition of these assets and the expectation for their useful economic lives in the future.
- Management frequently reviews the lawsuits raised against the company based on a legal study prepared by the company's legal advisors. This study highlights potential risks that the company may incurred in the future.
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Rental payments are deducted using the average lending rate and are reviewed annually by management.
- Management estimates the provision to decrease inventory to net realizable value if the cost of inventory may not be recoverable, damaged, wholly or partially obsolete, and it selling price to fall below cost or any other factors that causes the recoverable amount to be lower than its carrying amount.
- The group uses the percentage of completion method in recognizing the fixed price construction contracts, following this method require the management to estimate the delivered work till the date of the financial statements as percentage of the total work to be delivered.
- The management reviews the provision for expected credit losses on receivables, contractual assets and key assumptions in determining the weighted average loss rate.
- Management estimates the provision for income tax in accordance with the prevailing laws and regulations.
- The management periodically reassesses the useful life of investment property based on the general condition of these assets and management's expectations for their useful life in the future.

Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1- In the principal market for the asset or liability, or
2- In the absence of a principal market, in the most advantageous market for the asset or liability. The asset or liability measured at fair value might be either of the following:

a) A stand-alone asset or liability; or
b) A group of assets, a group of liabilities or a group of assets and liabilities (e.g., a cash generating unit or a business). A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The group recognizes the conversion between the levels of the fair value hierarchy at the end of the period.
Management believes that its estimates and assumptions are reasonable and sufficient.

3) <u>Significant accounting policies</u>

The accounting policies applied by the Company in these consolidated financial statements are the same as those applied by the Company in its consolidated financial statements for the year ended December 31, 2021, except of the new and revised standards set out in Note (4), which became effective as of January 1, 2022, as it did not have a material impact on the consolidated financial statements of the Group.

The following are the main accounting policies of the group:

a) Financial Instruments:

- Recognition and initial measurement for financial assets and liabilities:

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.
A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

- Classification and subsequent measurement for financial assets and liabilities:

- **Financial Assets:**

According to IFRS 9 upon initial recognition, the financial assets classified and measured either: at amortized cost or at FVTOCI - for both debt and equity instruments or at FVTPL.
Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It's held within a business model whose objective is to hold assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- It's held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows (that are solely payments of principal and interest on the principal amount outstanding).

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets.
- How the performance of the portfolio is evaluated and reported to the Group's management.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- How managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension feature; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss
Equity investments at FVTOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss

Financial liabilities - Classification, subsequent measurement and gains and losses:
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

-**Derecognition**

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.
The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.
On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Amendments to financial assets and liabilities

Amended financial assets

The terms of the financial assets are modified, the Group assesses whether the cash flows of the modified assets are significantly different. If the cash flows are significantly different, the contractual rights of the cash flows from the original financial assets are canceled, and new financial assets are recognized at fair value and any related costs are added to them. Any commission received as part of the Amendment is calculated as follows:

- Commissions for determining the fair value of new assets and the fees that represent compensation for costs related to the new assets are included in the preliminary measurement of the new financial assets.
- Other fees are included in the profit or loss from the profit or loss upon of derecognition.

If cash flows are amendment in the event that the borrower faces financial difficulties, the goal of the amendment is generally to maximize the recoverable value of the original contractual terms instead of creating a new asset on different terms, if the group plans to modify financial assets in a manner that leads to an exemption from cash flows, then consideration is first Whether a decrease in a portion of the financial assets will be calculated before making the amendment to the financial assets. This approach affects the outcome of the quantitative evaluation and means that criteria for de-recognition have not been met in such cases.

Amended financial liabilities

- The Group derecognition of financial liabilities when their terms are modified, and the cash flows of the modified financial liabilities are materially different. In this case, new financial liabilities are recognized at fair value. The difference between the carrying amount of the financial liabilities canceled and the amounts paid is recognized in the consolidated statement of profit or loss.

b) Impairment

The Group recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVTOCI; and
- Contract assets.

The Group also recognizes loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs except the following, and that is Measuring 12-month expected credit losses:

- Debt securities identified as having low credit risk at the reporting date.
- Debt securities and other bank balances that have not increased credit risk (i.e., default risk that occurs over the expected life of the financial instrument) significantly since the initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- The financial asset is more than 120 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The cost of 12-month credit losses is part of the expected credit losses that result from potential default events after 12 months within its date (or for a shorter period if the life expectancy of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired - financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the debtor will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVTOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

- The book value of the non-financial assets of the Group is reviewed at the end of each fiscal year to determine whether there is an indication of impairment.
- For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

- The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.
- An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.
- Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
- For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

c) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Companies subject to joint control are those companies in which the group has joint control over its activities and is established through contractual agreements and its financial and operational decisions require unanimous approval.
Interests in associates and the joint venture are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs.
The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees after preparation of adjustment to be in align with the group's accounting policies since the actual effective date of joint control till the actual effective stop date or joint control.

d) Property and Equipment

- Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.
Cost includes expenditures that are directly attributable to the acquisition of the property and equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separated items of property and equipment.
Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within the consolidated statement of profit or loss and other comprehensive income.

- Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Ongoing costs of repair and maintenance of property and equipment are expensed in the consolidated statement of profit or loss and other comprehensive income as incurred.

- Depreciation

Depreciation is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives of property and equipment for the current and previous year are as follows:

Items of property and equipment	Depreciation rate
Buildings and projects	10-33%
Furniture and fixtures	15%
Tools and equipment	10-25%
Computers and software's	25%
Vehicles	15-20%

The Group reviews the useful lives and depreciation for the property, plant and equipment at the end of each financial year.

e) Lands under development and residential projects under construction

Lands under development and residential projects under construction are measured at the lower of cost or net realizable value, the costs include expenditures incurred on projects under construction, conversion costs and other costs incurred on such project. Projects under construction are not depreciated till the related assets are ready for use or sale.

Net realizable value is the estimated selling price in the ordinary course of the business, less the estimated selling expenses.

f) Lands under exploitation and development stage

Lands under exploitation and development stage are measured at the lower of cost or net realizable value, the costs include expenditures incurred on these lands and its development, conversion costs and other costs incurred on such lands. No depreciation till the related assets is ready for use or sale. Net realizable value is the estimated selling price in the ordinary course of the business, less the estimated selling expenses.

g) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less cost to sell. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

h) Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Inventory includes lands inventory and construction materials since the main operation of the company is developing and selling real estate. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investments property is recognized initially at cost. Their fair values are disclosed on an annual basis in the consolidated financial statements, Investment property are revaluated annually by independent real-estate experts based on market values, in an active market.

j) Revenues recognition

Revenues Measured when transferred the material benefits and risk associated with ownership of the good are transferred to the buyer and when its cash return is probable, when costs incurred in the sale can be reliably calculated. And when the group is not in a position to actually exercise judgment of the goods, then you can reliably determine the revenue from the sale in it is probable that the economic benefits associated with the sale will flow. If it is possible to measure the discount reliably, the deduction from the revenue or sales will be recorded as recognized.

The Group mainly generates revenue from the services provided to its clients. Revenue is measured based on the considerations specified in the contract with the customer. Where the Group recognizes revenue when control is transferred at a specified time or over time - over a good or service to a customer in accordance with IFRS (15) as follows:

1- Defining the contract (s) with the customer: The contract is defined as an agreement between two or more parties that creates enforceable rights and obligations.
2- Determine performance obligations in the contract.
3- Determination of the transaction price: The transaction price is the amount of consideration that the Group expects to receive in exchange for transferring the promised goods or services to the customer, except for the amounts that are collected on behalf of third parties.

4- Assigning the transaction price to the performance obligations in the contract. For a contract that contains more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that indicates the amount of consideration that the Group expects to receive in exchange for fulfilling each performance obligation.

5- The Group recognizes revenue when (or as) the Group fulfills the obligation to perform at a specified time or over time.
The Group fulfills the performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer receives and consumes the benefits at the same time the Group performs the service or commodity; or
- The Group 's performance creates or improves the assets that the customer controls when creating or improving the asset; or
- The Group's performance does not lead to the creation of an asset with an alternative use of the Group, and the Group has an enforceable right to pay for the completed performance so far.

k) Foreign Currency Transactions

Transactions in foreign currencies during the year are translated at exchange rates at the dates of the transactions.
Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jordanian Dinar at the exchange rate at that date.
The foreign currency gain (loss) on monetary items is the difference between amortized cost in Jordanian Dinar at the beginning of the year, adjusted for effective interest rate and payments during the year, and the amortized cost in foreign currency translated to JOD at the exchange rate at the end of the year.
Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Jordanian Dinar at the exchange rate at the date that the fair value was determined.
Foreign currency differences arising on retranslation of foreign currencies to Jordanian Dinar are recognized in the consolidated statement of profit or loss and comprehensive income.

l) Fair value for financial assets

Fair values represent the amount with which an asset could be exchanged, or a liability settled, in a transaction between knowledgeable, willing parties in an arm's length transaction at the measurement date if the asset exists. In the absence of an asset, the most advantageous market price for which the group has access is used on this date. The fair value of the liability reflects the risk of non-performance.
Several the Group's accounting policies and disclosures require a measurement at the fair value of financial and non-financial assets and liabilities.
The Group measures the fair value of an instrument using the quoted price in an active market for that instrument, if available. A market is considered "active" if the asset is committed or committed to enough frequency and volume to provide pricing information on an ongoing basis.
If there is no fixed price in an active market, the Group uses valuation techniques that increase the use of relevant measurable inputs and reduce the use of non-measurable inputs.
The selected valuation technique includes all factors that market participants will take to determine the transaction price.
If the asset or liability measured at fair value has a supply price and a Demand price, the group measures the assets based on the supply price and the liabilities at the Demand price.
The best evidence of the fair value of a financial instrument at initial recognition is the transaction price - that is, the fair value of the consideration paid or received. If the Group determines that the fair value upon initial recognition differs from the transaction price, the fair value is established through a specified price in an active market for a similar asset or liability and is not based on the valuation technique that considers that any non-measurable input is not significant in relation to the measurement, then it is measured A financial instrument, initially at fair value, is adjusted to defer the difference between the fair value upon initial recognition and the transaction price.
Later, this difference in profit or loss is recognized on an appropriate basis over the life of the instrument, but recognition of the difference depends on the availability of measurable data or if the transaction is closed (sale of the financial instrument).

Offsetting is performed between financial assets and financial liabilities and the net amount is disclosed in the consolidated statement of financial position only when founding legal rights are available and also when they are settled on a clearing basis or the realization of the assets and the settlement of liabilities at the same time.

m) Date of recognition of financial assets

Purchase and sell of financial assets are recognized on the trading date (date when company commitment to sell or buy financial assets).

n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

o) Finance expenses

Finance expenses comprise interest expense on borrowings. All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the consolidated statement of profit or loss and other comprehensive income using the effective interest method.

p) Earnings per share

Basic and diluted earnings per share are calculated. The profit per basic share is calculated by dividing the profit or loss for the year attributable to the shareholders of the group by the weighted average number of ordinary shares during the year. The profit for the diluted share is calculated by adjusting the profit or loss for the year attributable to the shareholders of the group and the weighted average number of ordinary shares, so that the effect on the share of the share of the profits of all ordinary shares traded during the year and the probability of its return declining.

q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in statement of profit or loss and other Comprehensive income except to the extent that it relates to a business combination, or items recognized directly in profit or loss and other Comprehensive income or in other consolidated comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the consolidated reporting date, the effect of the adjustments on the tax law number 38 for the year 2018 was considered in these consolidated financial statements.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current taxes payable is calculated at an income tax rate of (20%) in Amman, (5%) in Aqaba and (1%) for the national contribution in accordance with the new prevailing income tax law in the Hashemite Kingdom of Jordan.

4) New standards or amendments for 2022 and requirements for the coming period

IFRS Number	IFRS Name
International Financial Reporting Standard IFRS No. (17).	Insurance contracts.
Amendments to the International Financial Reporting Standard No. (10) and International Accounting Standards No. 28.	Sale/distribution of assets between the investor and allied companies.
Amendments to the International Accounting Standards IAS No. (1).	Classification of liabilities between Current Liabilities and. Non-Current Liabilities.
Amendments to the International Financial Reporting Standard IFRS No (3).	Reference to Conceptual Framework.
Amendments to the International Accounting Standards IAS No. (16).	Proceeds before Intended Use.
Amendments to the International Accounting Standards IAS No. (37).	Cost of fulfilling a Contract.
Annual improvements to standards 2018 and 2020.	Amendments to International Financial Reporting Standard No. (1), International Financial Reporting Standard No. (9), International Financial Reporting Standard (16), International Accounting Standards IAS No. (41).
Amendments to the International Accounting Standards IAS No. (8).	Definition of accounting estimates.
Amendments to the International Accounting Standards IAS No. (12).	Deferred tax on assets and liabilities from a one sale movement.

5) Segment Reporting

An operating segment is a group of components of the Group affected by risks and returns that distinguish it from others and engages in producing products or services known as operating segments or engages in producing products or services within economic environments known as geographical segments.

a) Operating Segment

The Group operates its activities in major operating segments, which represents the follows:
- Manufacturing.
- Real estate.
- Contracting businesses.

	Manufacturing	Real estate	Construction	Total
	JD	JD	JD	JD
For the year ended December 31, 2022				
Segment net revenues	-	(26,633)	-	(26,633)
Impairment expenses	(84,502)	(867,175)	-	(951,677)
Lawsuits provision	(18,496)	(221,601)	(3,258)	(243,355)
Income tax fines provision	-	438,509	499	439,008
Administrative, other expenses and other revenues	(132,898)	(858,778)	(14,781)	(1,006,457)
Segment Loss	**(235,896)**	**(1,535,678)**	**(17,540)**	**(1,789,114)**
Segment total assets	8,511,779	56,720,638	93	65,232,510
Segment total liabilities	317,665	20,931,145	403,290	21,652,100

	Manufacturing	**Real estate**	**Construction**	**Total**
	JD	**JD**	**JD**	**JD**
For the year ended December 31, 2021				
Segment net revenues	-	(173,975)	-	(173,975)
Impairment expenses	(243,699)	255,737	-	12,038
Lawsuits provision	(43,420)	39,808	(3,258)	(6,870)
Income tax fines provision	-	(101,758)	764	(100,994)
Administrative, other expenses and other revenues	(179,913)	(755,610)	(16,483)	(952,006)
Segment Loss	**(467,032)**	**(735,798)**	**(18,977)**	**(1,221,807)**
Segment total assets	8,637,353	61,418,026	93	70,055,472
Segment total liabilities	325,219	23,953,012	405,372	24,683,603

b) Geographical Segment

The Group carries out all its activities within the Hashemite Kingdom of Jordan.

6) Investment Property

	As of December, 31	
	2022	**2021**
	JD	**JD**
Cost	14,871,134	14,871,134
Less: impairment provision*	(6,462,820)	(6,378,318)
	8,408,314	**8,492,816**

*The movement on the Impairment provision during the year was as follows:

	As of December, 31	
	2022	**2021**
	JD	**JD**
Balance at the beginning of the year	6,378,318	6,222,670
Impairment expense of investment property during the year	84,502	155,648
Balance at the end of the year	**6,462,820**	**6,378,318**

- The investment property represents lands and hangers registered in Al Madariyoun Concrete Industries Company and Al Madariyoun Fabrication Industries Company, where the management plan for this item is to study options for selling or leasing the projects.
- The investment property item includes lands and hangers with a net book value of JOD (8,408,314) as at December 31, 2022 which is reserved against claims against the Group. The average fair value of these investments according to the estimation of three independent evaluation experts licensed by the Department of Survey and Lands amount of JOD (8,408,314) as of December 31, 2022.

7) Lands under development and residential projects under construction

As of December 31, 2022	Al-Sharq City Project (1)	Red Sea Village Project (2)	Al Andalusia Project (3)	Ahl-Alazem Project (4)	Total
	JD	JD	JD	JD	JD
Beginning balance	11,131,326	28,808,085	6,315,417	20,203,331	66,458,159
Additions	95,731	655,715	22	-	751,468
Transferred to villas available for sale inventory (note 13)	(2,206,706)	(3,630,046)	(1,230,762)	-	(7,067,514)
Transferred from villas available for sale inventory (note 13)	-	-	656,381	-	656,381
Impairment provision*	(1,918,530)	(4,543,189)	(2,675,825)	(15,217,756)	(24,355,300)
Balance at the end of the year	**7,101,821**	**21,290,565**	**3,065,233**	**4,985,575**	**36,443,194**

As of December 31, 2021	Al-Sharq city Project (1)	Red Sea Village Project (2)	Al Andalusia Project (3)	Ahl-Alazem Project (4)	Total
	JD	JD	JD	JD	JD
Beginning balance	13,002,715	29,335,966	6,314,264	20,203,331	68,856,276
Additions	60,097	451,457	1,153	-	512,707
Transferred to villas available for sale inventory (note 13)	(1,931,486)	(979,338)	-	-	(2,910,824)
Impairment provision*	(934,419)	(8,946,115)	(2,551,047)	(14,740,022)	(27,171,603)
Balance at the end of the year	**10,196,907**	**19,861,970**	**3,764,370**	**5,463,309**	**39,286,556**

The movement on the impairment provision during the year was as follows:

	As of December 31,	
	2022	**2021**
	JD	**JD**
Balance at the beginning of the year	27,171,603	26,972,921
Additions on the provision	-	712,575
Reversal impairment losses during the year	(1,562,932)	-
Transferred to Villas available for sale inventory (note 13)	(1,253,371)	(313,759)
Transferred to provision for maintenance and completion of sold villas	-	(200,134)
Balance at the end of the year	**24,355,300**	**27,171,603**

1. Qabas for real estate development with it subsidiary of Arab Phoenix Holding Company signed agreement with The National Resources Investment and Development Corporation on 17 January 2005 to buy lands in Al-Abdalia area/ Zarqa for the purposes of Residential project construction, and these lands are registered in the company's name.

   The Group started the construction of 253 Villa during 2005, and continues the construction works starting from the second quarter of the year 2016 on separate phases, with total estimated cost on December 31, 2022 amounted to JOD 6,087,375. This plan is based on internal financing resources through selling a number of assets owned by the company or selling the project on stages basis and using its generated cash flows to finance the next stages, or attracting new investors to engage as partners in the development of the project.

   The Group conducted impairment testing on Al-Sharq City project related to Lands under development and residential projects under construction and Lands and villas inventory available for sale No. (13) to reflect the fair value of the project due to its impairment indications in its value and has resulted an reversal of impairment amounted to JOD 1,222,086 for the year ended December 31, 2022, the group has used the actual evaluation method of the project through three residents licensed by the Survey and Land Department and the fair value rate has been approved.

   During the year 2022 the Group sale and transfer ownership of 27 villas (2021: 31 villas).

2. Qabas for real estate development signed agreement with Aqaba Special Economic Zone Authority on August 8, 2005, for which according to the signed agreement the company purchased lands for the purposes of the construction and operating of real estates, buildings and villas, the ownership of this land is transferred to Red Sea for real estate development Company according to the rights transfer agreement.

   During the fourth quarter of 2015, the Group's management has reached to an agreement with Aqaba Special Economic Zone Authority to re-activate the project after 4 years of works suspension, these negotiations led to the issuance of the Prime Ministry approval dated March 6, 2016 to extend the project completion period.

   The project was divided into five phases to be completed within three years, its total estimated cost at on 31 December 2022 amounted to JOD 16,579,274 based on internal financing resources through selling a number of assets owned by the group or selling the project on stages basis and using its generated cash flows to finance the next stages, or attracting new Investors to engage as a partner in the development of the project.

   The group conducted impairment testing on Red sea project related with to Lands under development and residential projects under construction and Lands and villas inventory available for sale No. (13) to show the net realizable value of this project and has resulted in reversal an impairment expense amounted to JOD 3,402,719 during the year ended December 31, 2022, The group has used the actual evaluation method of the project through three real estate evaluators licensed by the Survey and Land Department and the fair value rate has been approved in addition to studying the expected results of the net realizable value of the villas associated with contracts to promise to sell.

In 2022, the group completed the process of waving and transferring 10 Villas of the project (2021:10 Villas). During the year 2021, The company has obtained a written approval to extend the completion period of the project till 31 March 2023. The company also obtained approval from the Aqaba Special Economic Zone Authority to exempt the company from fines incurred as a result of the delay in the implementation of the project subject to the completion of the projects within the extended time period.

3. Al-Andalusia Company for Tourist Resorts and Housing projects main operations are the construction of Villas on lands purchased for this objective for the purpose to be re-sold. During the year 2014, number of villas and lands costing JOD 52 million were waived / disposed according to the debt restructuring agreements with local banks and other group liabilities settlements.

   The Group conducted impairment test regarding Al-Andalusia project related to Lands under development and residential projects under construction and villas inventory available for sale to reflect the net realizable value of this project, taking in to consideration there are contracts (promises) to sell most of these villas, this test resulted in recording impairment expense amounted to JOD 135,236 for the year ended December 31, 2022.
   In 2022, the group completed the process of waving and transferring (1) Villa of the project.

4. Tameer Investment Company signed partnership agreement with Housing and Urban Development Corporation for the purpose of the construction of an integrated residential city in Al-Geza area, the Corporation contributed with the necessary lands for the project construction and the company is assigned to construct and build the project, then the revenues from the sales will be shared between both parties according to the agreed upon percentages in the contract.

   After holding the project for five years, the Group’s management communicated Housing and Urban Development Corporation to complete the project for which 127 building was completed at different stages, during the first quarter of 2016, the Prime Ministry approval issued on January 4th 2016 to give the Group a grace period of time for the preparation of new studies and work plan to complete the project with an estimated cost amounted to JOD 56,061,132 for the first phase. For this purpose agreement to be signed during 6 months, this is based on internal financing resources through selling a number of assets owned by the company or selling the project on stages basis and attracting new Investors to engage as a partners in the development of the project, The Group is still in contact with the General Establishment for Housing and Urban Development to approve the studies and the new work plan which was provided to the Corporation by the Group during the year 2016 in order to start implementing the Group plan.

   During 2018, the company completed its follow up on the proposed plan, but the matter was not completed, which led the company to take other legal actions to protect the rights of the company and its shareholders, resulted from these legal actions that the Housing and Urban Development Corporation communicated to the group that the agreement is legally terminated. The Group management is currently discussing the options with the Corporation to agree in the next course of action for the construction of this project, these discussions resulted in an agreement between both parties to discontinue the arbitration between the company and the corporation as per the letter dated 17 March 2019. During the month of September 2019, the initial understanding was concluded between the group and the corporation, provided that the group would purchase the land.

   However, and based on the Group’s lawyer consultation that management relied on, the agreement states that the Group should be compensated for all executed works if the HUDC has decided to terminate the agreement except for any off-specifications works. Regarding the claim for the expenses of assessing the executed works till now, the required provision was recorded and regarding the cost of removing any off-specifications executed works the management has considered it as immaterial although the related impairment and provisions have been recognized based on the real estate’s assessors. Accordingly, the management does not expect additional losses from what has been recognized in the consolidated financial statements so far. In the opinion of the group's management, the options presented are still under discussion with the concerned authorities, including the continuation of the project.

During the year 2022, the Group studied the impairment in the value of the Ahl-Alazem project, which resulted about it an impairment expense in amount of JOD 477,752 and accordingly the provision balances amounted JOD 15,217,756 as of December 31, 2022. The Group used the method of actual assessment for the projects through three independent evaluation experts licensed by the Department of Lands and Survey and using the average fair value.

* Lands under development item and residential project under construction item at net book value amount of JOD 36,443,194 as of December 31 2022 (2021: JOD 39,286,556) reserved for lawsuits raised against the Group.

8) Lands under exploitation and development stage

As mentioned in Note (11), it resulted from the acquisition of subsidiary companies (Al-Maha Land Investment & Real Estate Development Company, Al Jamal Al-Arabi for Real Estate Development Company, Jordanian Qabas Real Estate Development Company) according to the settlement agreement between the Group and associate company (Al-Maha Real Estate Development company) the group owning the rights to exploit and develop land at net book value amount of JOD 2,936,557 as of December 31, 2022, which represents the right of these companies to a total of three land plots for the purposes of development and establishment of projects in Al- Zarqa region according to the agreements signed between these companies and the National Resources Investment and Development Corporation (Mawared). According to the agreement annex signed on September 24, 2017, the project completion period extended for 6 years from the signing date. The company is committed to the implementation stages of the project during the agreed period or attracting new investors for development purposes.

Lands under exploitation and development item with a net book value amounted to JOD 2,936,557 As of December 31, 2022 includes the following:

	As of December, 31	
	2022	**2021**
	JD	**JD**
Cost Balance of lands under exploitation and development *	3,804,616	3,804,616
Impairment provision **	(868,059)	(358,922)
Total	**2,936,557**	**3,445,694**

* The cost balance of lands under exploitation and development includes the following:

	As of December, 31	
	2022	**2021**
	JD	**JD**
Payments due to land acquisition	3,156,954	3,156,954
Land development expenses	647,662	647,662
Balance	**3,804,616**	**3,804,616**

The group conducted an impairment test of the value of these lands, which resulted an impairment expense amounted to JOD 509,137 for the year ended December 31, 2022 (2021: Zero), the Group has used the actual project evaluation method through three independent evaluation experts licensed by Department of Survey and Lands and using the average fair value.

** The movement on the impairment provision during the year was as follows:

	As of December, 31	
	2022	**2021**
	JD	**JD**
Beginning balance	358,922	358,922
Additions during the year	509,137	-
Ending balance	**868,059**	**358,922**

9) Lands inventory

	As of December, 31	
	2022	**2021**
	JD	**JD**
Sorted lands*	4,893,522	5,954,432
Un-sorted lands*	4,343,796	4,510,838
Total	**9,237,318**	**10,465,270**

* The balance of lands inventory includes the following:

	As of December, 31	
	2022	**2021**
	JD	**JD**
Cost*	13,627,034	13,627,034
Additions**	1,496,754	-
Disposal at cost	(882,917)	-
Less: Lands inventory impairment provision ***	(5,003,553)	(3,161,764)
Total	**9,237,318**	**10,465,270**

* This item includes lands with a net book value amounted to JOD 9,237,318 as of December 31, 2022 (2021: JOD 10,465,270) reserved for lawsuits raised against the group.
The average fair value for the lands according to the assessment of real estate experts licensed by the Department of Survey and Lands was JOD 9,237,318 as of December 31, 2022 (2021: JOD 10,506,631).

** Additions during the year amounted to JOD 1,496,754, represents the Group's share in a plot of land in southern Amman (Al Luban), which resulted from the Court Decision No. (2234) during the year 2011 and the reconciliation agreement signed on December 29, 2013, which resulted an obligating on the Second Party to waive a portion of their share in lands. Noting that the waiver procedures have been completed with the official departments during the year 2022.

*** The movement on the lands inventory impairment provision during the year was as follows:

	As of December, 31	
	2022	**2021**
	JD	**JD**
Beginning balance	3,161,764	4,041,842
Reversal from (impairment losses) during the year	1,925,683	(880,078)
Used during the year	(83,894)	-
Ending balance	**5,003,553**	**3,161,764**

10) Property and equipment

	Buildings and projects equipment's	Furniture and fixtures	Machines and equipment	Computers and software's	Vehicles*	Total
Cost	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**
Balance as of January 1 2022	390,616	88,566	96,045	226,544	417,010	1,218,781
Additions	-	25	8,536	-	-	8,561
Disposals	(2,200)	-	-	-	-	(2,200)
Balance as of December 31 2022	**388,416**	**88,591**	**104,581**	**226,544**	**417,010**	**1,225,142**
Accumulated Depreciation						
Balance as of January 1 2022	390,294	86,138	92,447	226,539	417,001	1,212,419
Depreciation for the year	134	728	1,448	-	-	2,310
Disposals	(2,200)	-	-	-	-	(2,200)
Balance as of December 31 2022	**388,228**	**86,866**	**93,895**	**226,539**	**417,001**	**1,212,529**
Cost						
Balance as of January 1 2021	407,137	87,882	95,290	226,544	417,010	1,233,863
Additions	-	684	755	-	-	1,439
Disposals	(16,521)	-	-	-	-	(16,521)
Balance as of December 31 2021	**390,616**	**88,566**	**96,045**	**226,544**	**417,010**	**1,218,781**
Accumulated Depreciation						
Balance as of January 1 2021	406,680	85,491	90,752	226,539	417,001	1,226,463
Depreciation for the year	135	647	1,695	-	-	2,477
Disposals	(16,521)	-	-	-	-	(16,521)
Balance as of December 31, 2021	**390,294**	**86,138**	**92,447**	**226,539**	**417,001**	**1,212,419**
Net Book value as of December 31, 2022	**188**	**1,725**	**10,686**	**5**	**9**	**12,613**
Net Book value as of December 31, 2021	**322**	**2,428**	**3,598**	**5**	**9**	**6,362**

* Property and equipment included vehicles at net book value amount of JOD 9 as of December 31, 2022 (2021: JOD 9) reserved against lawsuits raised against the Group.

11) Investment in associate company

This item represents the investment in Al Maha for Real Estate Development Company.

	As of December 31,	
	2022	**2021**
	JD	**JD**
Investment percentage	**33.33%**	**33.33%**
Non-Current assets	8	8
Current assets	11,921,832	11,921,899
Non-Current liability	(1,250)	(26)
Net assets	**11,920,590**	**11,921,881**
Revenue	-	-
Cost of revenue	-	-
Administrative expenses	(1,293)	(3,974)
Total comprehensive loss for the year	**(1,293)**	**(3,974)**
Share of comprehensive loss for the year	**(431)**	**(1,325)**

The balance for investment in associate company includes the following:

	As of December 31,	
	2022	**2021**
	JD	**JD**
Investment balance at the beginning of the year	3,973,961	3,975,286
Company's share from associate company operating results	(431)	(1,325)
Subtract: Transferred from due to a related party - Al Maha for Real Estate Development Company	(3,971,469)	(3,971,469)
Ending balance of the year	**2,061**	**2,492**

Al-Maha for Real Estate development company owns lands with a fair value amounted to JOD 12,553,688 as of December 31, 2018 the Group's general assembly decided in its meeting conducted on 22 September 2010 to distribute these lands over the company's owners, note that the group share of the fair value of these lands covers the Investment amount in this company and the receivable balance due from the company as of December 31, 2018. During the last Quarter of 2018 AlMaha for property investment started the process of distributing its lands to the company owners accordingly to the extraordinary General Assembly meeting held on November 5, 2018, Note that the transfer ownership procedures were completed by the relevant official departments during April 2019, As a result of this process, Al Qabas Real Estate Development Company (a subsidiary of the group) owns four companies with 100% ownership (Al-Maha Land Investment & Real Estate Development Company Al Jamal Al-Arabi for Real Estate Development Company, Jordanian Al Qabas Real Estate Development Company, Noor Al Maha Real Estate Development Company) the group subsequently sold One of these companies(Noor Al Maha Real Estate Development Company) in the year 2019.

The results of these companies have been consolidated in the accompanying consolidated financial statements. As a result of this consolidation, the group owns the rights to exploit and develop land in the amount of JOD 2,936,557 which represents the right of these companies with a total of three plots of land for the purposes of development and construction of Rents in the Zarqa region according to the agreement signed between these companies and the National Resources Investment and Development Corporation - Notes (8).

12) Financial assets at fair value through other comprehensive income

	As of December, 31	
	2022	**2021**
	JD	**JD**
Shares in local companies:		
Arab Investors Union Company (Under liquidation) *	2	2
Inwan Investment PLC (Under liquidation) *	1	1
Al Quds Readymix*	1,865	4,210
	1,868	**4,213**

* The shares of Arab Investors Union Company (under liquidation) include a total of 109,600 shares held by order of the court. The shares of Inwan Investment PLC (under liquidation) include a total of 11,831 shares held by order of the court. The shares of Al Quds Readymix include a total of 5,329 shares reserved for membership purposes.

The movement on the fair value reserve during the year was as follows:

	As of December, 31	
	2022	**2021**
	JD	**JD**
Beginning balance	(283,854)	(286,519)
Change in fair value	(2,345)	2,665
Net fair value	**(286,199)**	**(283,854)**

13) Villas Available for Sale Inventory

This item represents villas ready for immediate transfer ownership to customers according to the Engineering Department studies as on December 31, 2022.
* The inventory of villas available for sale with a net book value of JOD 5,097,740 as of December 31, 2022 (2021: JOD 3,496,426) part of it is reserved for lawsuits against the group.

	As of December, 31	
	2022	**2021**
	JD	**JD**
Villas available for sale inventory *	6,588,956	4,402,961
Provision for impairment of villas available for sale **	(1,491,216)	(906,535)
Net fair value	**5,097,740**	**3,496,426**

* The movement on villas available for sale inventory during the year was as follows:

	As of December, 31	
	2022	**2021**
	JD	**JD**
Balance at the beginning of the year	4,402,961	5,837,417
Transfer from Lands under development and residential Projects under construction (Note 7)	7,067,514	2,910,824
Transfer to Lands under development and residential Projects under construction	(656,381)	-
Adjustments on the cost of villas during the year	16,106	26,180
Sale of residential units	(4,241,244)	(4,371,460)
Balance at the end of the year	**6,588,956**	**4,402,961**

** The movement on the provision during the year was as follows:

	As of December 31,	
	2022	**2021**
	JD	**JD**
Balance at the beginning of the year	906,535	1,250,171
Provision reversed	(4,713)	(88,234)
Transfer from Lands under development and residential projects under construction (Note 7)	1,253,371	313,759
Used during the year - villas sold	(663,977)	(569,161)
Balance at the end of the year	**1,491,216**	**906,535**

14) Construction Materials Inventory

	As of December 31,	
	2022	**2021**
	JD	**JD**
Raw materials	2,877,558	2,901,417
Less: Construction materials impairment provision*	(536,030)	(228,115)
	2,341,528	**2,673,302**

* The movement on the provision during the year was as follows:

	As of December 31,	
	2022	**2021**
	JD	**JD**
Balance at the beginning of the year	228,115	182,105
Additions during the year	307,915	46,010
Balance at the end of the year	**536,030**	**228,115**

According to the management's estimates, the largest proportion of construction materials Inventory as of December 31, 2022 will be used to complete the group's projects (note 7) and not for the purpose of selling to external parties.

15) Trade Receivables and Other Debit Balances

	As of December 31,	
	2022	**2021**
	JD	**JD**
Account receivables*	802,220	2,253,924
Checks under collection**	4,503,370	4,503,370
	5,305,590	**6,757,294**
Advance payments to suppliers and contractors	852,872	872,981
Prepaid expenses	37,188	39,205
Refundable deposits	203,764	203,944
Sales tax deposits	59,829	59,829
Employee income tax deposits and others	56,508	56,508
Others	2,267	1,925
Total trade and other debit balances	**6,518,018**	**7,991,686**
Less: Expected credit losses provision***	(6,075,824)	(6,089,527)
	442,194	**1,902,159**

* This item includes a balance of JOD 1,444,587 representing a previous receivable that the Group has taken legal action to claim its collection, as a result of these legal procedures court decision number (2234) issued during the year 2011 requiring the second parties to pay the due balances to the group. As per the agreement signed with the second parties dated of December 29, 2013 it was agreed that they would wave a portion of their share in Al Luban land with amount that equals the due balance to the group. The registration procedures were completed by the relevant official department concerned during the year 2022 and were classified as a lands inventory.

** There is a lawsuit filed by the group against the Industrial and Real Estate Investors Company to claim these checks, and a decision was issued on February 18, 2013 that obligates the defendant company to pay the amount, expenses, fees and legal interest, the implementation of the decision was suspended as the Industrial and Real Estate Investors Company appealed the decision.

*** The movement on the expected credit losses provision during the year was as follows:

	As of December 31,	
	2022	**2021**
	JD	**JD**
Balance at the beginning of the year	6,089,527	6,031,491
Released provision	(13,703)	(5,105)
Additions during the year	-	63,141
Balance at the end of the year	**6,075,824**	**6,089,527**

16) Key management salaries and remunerations

The short-term key management 's salaries and remunerations for the year ended on December 31, 2022 amounted to JOD 296,930 (Against JOD 127,950 for the year ended on December 31, 2021).

17) Cash and Cash Equivalents

	As of December 31,	
	2022	**2021**
	JD	**JD**
Cash on hand	3,325	3,252
Current accounts at banks*	34,620	36,833
Restricted cash balances	-	21,109
	37,945	**61,194**

*There is restriction over these balances against legal cases raised against the group in favor of different entities.

18) Assets held for sale

	As of December 31,	
	2022	**2021**
	JD	**JD**
Cost*	425,485	704,504
Impairment provision **	(395,785)	(647,729)
Balance at the end of the year	**29,700**	**56,775**

* The movement on the cost during the year was as follows:

	As of December 31,	
	2022	**2021**
	JD	**JD**
Balance at the beginning of the year	704,504	704,504
Disposal during the year	(279,019)	-
Balance at the end of the year	**425,485**	**704,504**

** The movement on the provision during the year was as follows:

	As of December 31,	
	2022	**2021**
	JD	**JD**
Balance at the beginning of the year	647,729	559,678
Addition during the year	-	88,051
Disposal during the year	(251,944)	-
Balance at the end of the year	**395,785**	**647,729**

Assets held for sale represent the production lines (Wood machines) registered in Al Madariyoun fabrication industries, The group's management has prepared a study on this item for verification purposes that it applies the definition of (assets held for sale), and the result of this study shows that the group's management is making its efforts for the purpose of selling these assets and achieving the highest possible profits under the selling prices found in the market and therefore, that part of these assets were sold during 2022 and the group is working to sell the rest of those assets during the next year.

19) Advance payments received against sales

As of December 31, 2022	Al Andalusia Project	Red Sea Resort project	Ahl Alazem Project	Al-Sharq City Project (Gardens villas)	Total as of December 31, 2022
	JD	JD	JD	JD	JD
Total signed sales contracts	156,889,669	17,243,687	-	9,445,001	183,578,357
Total advance payments**	2,504,788	9,700,699	53,690	407,000	12,666,177
Total residential units	588	260	2,032	253	3,133
Sold residential units	585	115	-	123	823
Avilable residential units	3	145	2,032	130	2,310
Number of Ceded units *	570	34	-	104	708
Value of the Ceded units *	152,997,856	4,836,976	-	8,350,401	166,185,233

As of December 31, 2021	Al Andalusia Project	Red Sea Resort project	Ahl Alazem Project	Al-Sharq City Project (Gardens villas)	Total as of December 31, 2021
	JD	JD	JD	JD	JD
Total signed sales contracts	157,258,634	17,181,775	-	7,804,502	182,244,911
Total advance payments**	3,087,723	10,613,360	53,689	222,600	13,977,372
Total residential units	588	260	2,032	253	3,133
Sold residential units	586	114	-	94	794
Avilable residential units	2	146	2,032	159	2,339
Number of Ceded units *	569	24	-	77	670
Value of the Ceded units *	152,588,082	3,533,787	-	6,475,229	162,597,098

* During the year 2022, the Group recognized the revenues of the sale of (27) Villas for which its ownership was transferred at the Department of Land and Survey related to Al Sharq City project (Gardens Villas), recognized the revenues of the sale of (10) Villas for which its ownership was transferred at the Department of Land and Survey related to Red Sea Resort project and recognized the revenues of the sale of (1) Villas for which its ownership was transferred at the Department of Land and Survey related to Al Andalusia Project in the statement of profit or loss and other comprehensive income.

* During the year 2021, the Group recognized the revenues of the sale of 31 Villas for which its ownership was transferred at the Department of Land and Survey related to Al Sharq City project (Gardens Villas), recognized the revenues of the sale of 10 Villas for which its ownership was transferred at the Department of Land and Survey related to Red Sea Resort project of profit or loss and other comprehensive income.

** This item represents the number of payments received by the group against promise to sell contracts as follows:

	As of December, 31	
	2022	**2021**
	JD	**JD**
Advance payments received against sales - short term	5,282,533	2,495,381
Advance payments received against sales - long term	7,383,644	11,481,991
	12,666,177	**13,977,372**

The Advance payments received against sales short term and long term are classified according to the expected assignment date of the units sold.

20) Trade payables and other credit balances

	As of December, 31	
	2022	**2021**
	JD	**JD**
Accrued expenses	157,510	171,013
Trade payables	4,436,102	5,293,113
Contractors payables and retentions	699,655	885,312
Tax deductions deposits	106,049	122,821
Notes payable	50,000	50,000
Education Support Fund provision*	138,183	138,183
Provision for maintenance of sold villas	376,944	307,828
Other	87,325	88,291
	6,051,768	**7,056,561**

* The Group management discussing with the Income and Sales Tax Department for the purpose of reaching a final settlement regarding this balance.

21) Income tax provision

The movement on income tax provision during the year was as follows:

	As of December, 31	
	2022	**2021**
	JD	**JD**
Balance at the beginning of the year	794,645	935,563
Tax penalties	30,380	274,946
Income tax paid	(270,681)	(241,912)
Provision Reversed *	(469,388)	(173,952)
Balance at the end of the year	**84,956**	**794,645**

* The Group has made a settlement to exempt the Group from income tax penalties related to previous years, pursuant to Council of Ministers Resolution No. (8010), which resulted in the Group settling the principal tax amount of JOD 164 thousand and exempting the Group from tax penalties amounted to JOD 469 thousand.

Reconciliation between Taxable Income and Accounting profit is as follows:

	For the year ended December 31,	
	2022	**2021**
	JD	**JD**
Accounting losses	(1,789,114)	(1,221,807)
Tax differences	315,293	(667,824)
Taxable losses	**(1,473,821)**	**(1,889,631)**
Income tax rate	%20	%20
National contribution	%1	%1
Income tax payable	**-**	**-**
National contribution payable	**-**	**-**

The current taxes due for the year ending as on December 31, 2022 are calculated according to the Income Tax Law No. (34) for the year 2018, which started in effect as of January 1, 2019, under this law, the legal tax rate on the company is 20% in addition to the national contribution of 1 % (2021: 20%: 1%).

There are reservation restriction over the Group's part of assets for the benefit of the Income and sales tax department to settle claims which is the right of the department, the group recognized the sufficient provisions to meet these claims.

The Group has not recognized the deferred tax assets related to unutilized tax losses and temporary differences, as the Group does not expect to achieve tax profits in the future through which these temporary differences can be availed.

Tax status for the companies within the group:
Arab Phoenix Holding Company
The Company obtained final clearance from the Income Tax Department until the year 2020, The company submitted its income tax returns for the year 2021.

Below is the Tax status for each subsidiary company:

Subsidiary company	**Tax status**
Tameer for Investment Company	The Company obtained final clearance from the Income Tax Department until 2018. The Company submitted its income tax returns for the years 2019 up to 2021 which still not audited yet.
AlMadariyoun Fabrication Industries Company	The Company obtained final clearance from the Income Tax Department until 2018. The Company submitted its income tax returns for the years 2019 up to 2021 which still not audited yet.
Al Madariyoun Concrete Industries Company	The Company obtained final clearance from the Income Tax Department until 2018. The Company submitted its income tax returns for the years 2019 up to 2021 which still not audited yet.
Tnfeeth for construction Company	The Company obtained final clearance from the Income Tax Department until 2021 except for the year 2018 when the declaration was submitted which still not audited yet.

AlRawabet for real estate development Company	The Company obtained final clearance from the Income Tax Department until 2016. The Company submitted its income tax returns for the years 2017 up to 2021 which still not audited yet, excepts the years 2020 and 2021.
Al Tiraz for Construction Company	**Aqaba branch:** The Company obtained final clearance from the Income Tax Department till the year 2013. The Company declared its income tax returns for the years from 2014 up to 2021 which still not audited yet. **Amman Branch:** The Company obtained final clearance from the Income Tax Department until the year 2019. The Company submitted its income tax returns for the year 2020 and 2021, which still not audited yet.
Al-Qabas real estate development Company	**Aqaba branch:** The Company obtained final clearance from the Income Tax Department until the year 2014. The Company submitted its income tax returns for the years from 2015 and up to 2021, which still not audited yet, and the final clearance from the Income Tax Department for the year 2019 was approved. **Amman Branch:** The company obtained final clearance from the Income and sales Tax Department for the year 2016, the company submitted its income tax returns for the years from 2017 and up to 2021, which still not audited yet.
Al Jamal Al-Arabi for Real Estate Company Al-Maha Land Investment & Real Estate Company	The income tax was settled and The Company obtained final clearance from the Income Tax Department till the year 2021.
Jordanian Qabas for Real Estate Company	The income tax was settled for the years 2014, 2015, 2019, 2020 and 2021 and the Company submitted its income tax returns for the year from 2016 up to 2018, and it's still not audited yet.
Al- Andalusia Company for Tourist Resorts and Housing projects	The Company obtained final clearance from the Income Tax Department up to the year 2018, The Company submitted its income tax returns for the years from 2019 up to 2021 within the legal time limit, which still not audited yet.
Red Sea Resort for real estate Development Company	The Company obtained final clearance from the Income Tax Department until 2016. The Company submitted its income tax returns for the years 2017 and up to 2021, which still not audited yet.

22) Lawsuits provision

The movement on lawsuits provision during the year was as follows:

	As of December 31,	
	2022	**2021**
	JD	**JD**
Balance at the beginning of the year	2,855,025	3,222,642
Additions during the year	317,036	364,522
Reversal during the year	(73,681)	(357,652)
Paid during the year	(62,288)	(7,192)
Transferred to Trade payables and other credit balances	(186,893)	(367,295)
Balance at the end of the year	**2,849,199**	**2,855,025**

Total amount of legal cases raised against the group amounted to JOD 4,840,668 as of December 31, 2022 (2021: JOD 5,896,739), accordingly the group recognized lawsuits provision amounted to JOD 2,849,199 where this provision includes and taking into account the related legal liabilities amounted to JOD 2,403,817, the management and its legal counsel believe that the recorded provisions in the consolidated financial statements are sufficient to cover any current and future obligations.

23) Other revenues and expenses

	For the year ended December 31،	
	2022	**2021**
	JD	**JD**
Gain from sale of Property and equipment	2,100	3,500
Revenue (Loss) from closed lawsuits and related legal settlements	264,786	(2,897)
Reverse of provision maintenance of sold villas	22,924	-
Other	16,019	13,845
	305,829	**14,448**

24) Administrative expenses

	For the year ended December 31،	
	2022	**2021**
	JD	**JD**
Employees' salaries, wages and benefits	339,018	314,220
Fees and allowances of the Chairman of the Board of Directors	127,680	-
Social security contribution	39,904	32,436
Lawyer fees	98,680	104,637
Professional fees	94,941	90,951
Rent *	52,912	53,031
Fines	46,018	37,973
Security	37,908	37,908
Governmental charges and subscriptions	37,259	43,243
Legal fees	22,908	29,347
Valuation expense	20,233	28,350
Utilities	18,836	18,001
Audit fees	18,560	18,560
Advertisement	13,571	11,247
Income tax installment interest expense	13,115	8,685
Bank expenses	11,765	5,592
Maintenance	8,529	6,570
Vehicles fuel and oil	7,705	7,381
Cleaning and Hospitality	7,668	9,559
Depreciation	2,013	2,166
Stationery and printings	1,973	2,501
Other	6,154	1,382
	1,027,350	**863,740**

* According to the management's estimates, the exemption offered by IFRS 16 ("leases") applies to the lease agreement of the group's offices, which ends in 12 months, and it is not clear if the group's management will renew it.

25) Basic and diluted share of the loss for the year

	For the year ended December 31,	
	2022	**2021**
	JD	**JD**
Loss for the year	(1,789,114)	(1,221,807)
Weighted average number of shares (Share)	86,840,292	86,840,292
Basic and diluted share of the loss for the year (JOD/Fills)	**(0.0206)**	**(0.0140)**

26) Contingent assets and liabilities

	For the year ended December 31,	
	2022	**2021**
	JD	**JD**
Bank guarantees	567,438	632,958
Against cash deposits	17,777	17,957

- **Lawsuits raised against the group:**
Total amount of legal cases raised against the group amounted to JOD 4,840,668 as of December 31, 2022 (2021: JOD 5,896,739), accordingly the group recognized lawsuits provision amounted to JOD 2,849,199 where this provision includes and taking into account the related legal liabilities amounted to JOD 2,403,817. The management and its legal counsel believe that the recorded provisions in the consolidated financial statements are sufficient to cover any current and future obligations.

- **Contingent assets:**
The Group has filed a right lawsuit against founders and former chairman and members of the Board of Directors based on the decision of the Court issued on November 13, 2022 to claim the inclusion amounts of 87 million Jordanian dinars.

27) Going concern

This consolidated financial statement of the Group shows that there are some events and issues which constitute a major challenge on the performance of the group in the future and these issues are summarized as follows:

- There are restrictions over the group's movable and immovable funds due to lawsuits raised against the group for the benefit of different parties.
- The group accumulated losses amounted to JOD (43,157,127) as of December 31, 2022 representing 49.7% of the group capital.
- A deficit in the working capital amounted to JOD 6.1 million.
- The group incurred losses for the year 2022 amounted to JOD 1,791,459, Also the group faces a high debt - to - equity ratio amounted to 49.6% as of December 31, 2022 (December 31, 2021: 54%) as a result of the decrease in the owners' equity due to the accumulated losses of the group.
- The accumulated losses for some of the subsidiary's companies exceeded half of its capital as of December 31, 2022 in addition to deficit in its working capital as follows:

	December 31, 2022		
	Paid-up capital	(Accumulated losses) / retained earnings	Deficit in working capital before consolidation entries
	JD	JD	JD
Al- Andalusia company for Tourist Resorts and Housing projects	6,000,000	10,048,516	-
Al- Qubas real estate development Company	2,000,000	(605,459)	(12,515,993)
Al Tiraz for Construction	100,000	3,193,528	-
Al Madariyoun Concrete Industries	100,000	(12,794,508)	(7,865,570)
Al Madariyoun Fabrication Industries	15,000	(3,196,449)	(3,057,834)
Taameer for investment	15,000	(14,476,085)	(6,179,079)
Al- Rawabet for real estate development	15,000	(234,465)	(42,166)
Red Sea Resort for real estate Development	15,000	1,689,320	(9,089,824)
Tanfeeth for construction	300,000	(977,937)	(304,292)
Al Jamal Al-Arabi for real estate development company	1,194,460	(240,408)	(1,658)
Jordanian Qabas for real estate development company	2,043,946	(380,647)	(1,568)
Al Maha Land Investment & real estate development company	394,916	(80,433)	(1,497)

According to the text of Article (75 - A) of the Companies Law No. (22) for the year 1997 and its amendments" should the losses of the limited liability company exceed half of its capital, the company's manager or its management committees shall invite the company's general assembly to an extraordinary meeting in order to decide whether the company should be liquidated or continue to exist in a manner that would rectify its position. If the general assembly fails to reach a decision in this respect within two consecutive meetings, the controller shall grant the company a grace period of not more than a month to reach the decision. If it fails in reaching a decision, the company shall be referred to court for the purposes of compulsory liquidation in accordance with the provisions of the law".
And According to the text of Article (86) bis of the Companies Law No. (22) for the year 1997 and its amendments "If a private shareholding company is exposed to gross losses so that it becomes unable to meet its obligations towards its creditors, the board of directors shall invite the company's extraordinary General Assembly to a meeting to issue a decision, either to liquidate the company, or issue new shares, or any other decision which would guarantee its ability to fulfill its obligations. If the general assembly is unable to take a definite decision in this respect during two consecutive meetings, the controller shall give the company a one-month grace period to take the required decision. In the event the company fails to do so, it shall be referred to the court for compulsory liquidation in accordance with the provisions of this law".

The Group's management plan to address the going concern indicators are summarized as follows:

During the year 2022, the Group was able to raise the percentage of achievement in the goals that it set as the main axes of its work, which are:

1. Complete existing projects.
2. Achieving legal settlements.
3. Settlement of the group debts.
4. Covering the monthly obligations and general and administrative expenses.

Therefore, providing the necessary cash flows under the current economic conditions has become a top priority to achieve the above and then move to the stage of growth and expansion.

This will be provided by:

a) Sales from Projects.
b) Receivable collection.
c) Liquidation of assets owned by subsidiaries.
d) Liquidation of assets that are no longer needed.

Taking into account the profit and loss as possible within the financial circumstances.

28) <u>Financial risk management</u>

The Group has exposure to the following risks from its use of financial instruments.

- **Credit risk**
- **Liquidity risk**
- **Market risk**
- **Capital management**

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The management has overall responsibility for the establishment and oversight of Group's risk management framework.
The Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop disciplined and constructive control environment in which all employees understand their roles and obligations.
The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

- **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's Due from related parties, trade receivables and other debt balances, cash and cash equivalent and checks under collection
The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Carrying value as at	
	2022	**2021**
	JD	**JD**
Cheques under collection	241,478	162,213
Restricted cash balances	34,620	57,942
	276,098	**220,155**

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the company's customer base, including the default risk of the industry and country in which customer operate, has less of an influence on credit risk.

- **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.
The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.
The following are the contracted maturities of financial liabilities, including estimated interest payments:

	Carrying value	**Contractual cash flow**	**6 months or less**	**6-12 Month**	**More than one year**
	JD	**JD**	**JD**	**JD**	**JD**
2022					
Trade payables and other credit balances	6,051,768	(6,051,768)	(6,051,768)	-	-
Advance payments received against sales	12,666,177	(12,666,177)	(2,641,267)	(2,641,266)	(7,383,644)
Income tax provision	84,956	(84,956)	(84,956)	-	-
	18,802,901	**(18,802,901)**	**(8,777,991)**	**(2,641,266)**	**(7,383,644)**
2021					
Trade payables and other credit balances	7,056,561	(7,056,561)	(7,056,561)	-	-
Advance payments received against sales	13,977,372	(13,977,372)	(1,247,691)	(1,247,690)	(11,481,991)
Income tax provision	794,645	(794,645)	(794,645)	-	-
	21,828,578	**(21,828,578)**	**(9,098,897)**	**(1,247,690)**	**(11,481,991)**

- **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Group's profit or the value of its holdings of financial instruments.
The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

- **Currency Risk**

Most of the company's financial assets and liabilities are in Jordanian Dinar. Most of the company's transactions in general are in Jordanian dinar accordingly, the company is not highly exposed to foreign currency risk.

- **Capital management**

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings and interests of the Group.
The management monitors the return on capital, which the management defined as net operation income divided by total shareholders' equity.
The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.
There have been no changes in the group's approach to capital management during the year neither the group is subject to externally imposed capital requirements.

Debt-to-adjusted Capital Ratio

	2022	2021
	JD	JD
Total Debt	21,652,100	24,683,603
(Less) cash and cash equivalents	(37,945)	(61,194)
Net Debt	**21,614,155**	**24,622,409**
Adjusted capital	**43,580,410**	**45,371,869**
Debt to adjusted capital ratio	**49.6%**	**%54.2**

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:
Level I: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs good be defend directly or indirectly.
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

a) **Assets and liabilities that are measured at fair value on a non-recurring basis:**

The Group measures the assets and liabilities below at fair value on a non-recurring basis:

	Book Value	Fair Value		
As of December 31, 2022	**FVOCI – equity instruments**	**Level 1**	**Level 2**	**Level 3**
Financial Assets	**JD**	**JD**	**JD**	**JD**
Financial assets at fair value through other comprehensive income	1,868	1,868	-	-
As of December 31, 2021				
Financial assets at fair value through other comprehensive income	4,213	4,213	-	-

b) Assets and liabilities that are not measured at fair value:

As of December 31, 2022	Book Value		Fair Value		
	Financial assets at amortized cost	Other financial liabilities	Level 1	Level 2	Level 3
	JD	JD	JD	JD	JD
Financial Assets					
Cash and cash equivalent	37,945	-	-	-	-
Trade receivables and other debit balances	442,194	-	-	-	-
Checks under collection	241,478	-	-	-	-
Financial Liabilities					
Trade payables and other credit balances	-	(6,051,768)	-	-	-
Advanced payments received against sales	-	(12,666,177)	-	-	-

There were no transfers between levels until the end of the financial year ended as of December 31, 2022.

As of December 31, 2021	Book Value		Fair Value		
	Financial assets at amortized cost	Other financial liabilities	Level 1	Level 2	Level 3
	JD	JD	JD	JD	JD
Financial Assets					
Cash and cash equivalent	61,194	-	-	-	-
Trade receivables and other debit balances	1,902,159	-	-	-	-
Checks under collection	162,213	-	-	-	-
Financial Liabilities					
Trade payables and other credit balances	-	(7,056,561)	-	-	-
Advanced payments received against sales	-	(13,977,372)	-	-	-

29) Comparative figures

The comparative figures represent the company's audit consolidated financial position as of December 31, 2021, in addition to consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in owners' equity for the year ended December 31, 2021.