

DARAT JORDAN HOLDINGS COMPANY

PUBLIC SHAREHOLDING COMPANY

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2023

**REPORT ON REVIEW OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF DARAT JORDAN HOLDINGS COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Darat Jordan Holdings Company (Public Shareholding Company) ("the Company") and its subsidiaries ("the Group") as at 31 March 2023, comprising of the interim consolidated statement of financial position as at 31 March 2023 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the three months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of Interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

DARAT JORDAN HOLDINGS COMPANY
PUBLIC SHARE HOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2023

	Notes	31 March 2023 JD (unaudited)	31 December 2022 JD (audited)
<u>ASSETS -</u>			
Non-Current Assets			
Properties and equipment		3,195	4,049
Investments in land		2,581,749	2,581,749
Investment properties		1,195,740	1,203,582
Properties under development		875,790	875,790
Investments in associates		2,433,832	2,903,508
Financial assets at amortized cost		659,824	359,105
Financial assets at fair value through other comprehensive income		682,696	704,415
Cheques under collection – long term		70,500	70,500
		<u>8,503,326</u>	<u>8,702,698</u>
Current Assets			
Financial assets at amortized cost		213,735	-
Properties inventory		200,990	245,427
Financial assets at fair value through profit or loss		804,354	732,587
Trade receivables		122,034	131,037
Other current assets		138,454	158,553
Cheques under collection		23,500	37,500
Due from a related party	6	11,846	1,341
Cash and banks balances	5	1,635,331	1,583,207
		<u>3,150,244</u>	<u>2,889,652</u>
Total Assets		<u>11,653,570</u>	<u>11,592,350</u>
<u>EQUITY AND LIABILITIES</u>			
Equity-			
Paid in capital		10,250,000	10,250,000
Statutory reserve		241,273	241,273
Retained earnings		594,820	924,116
Net Equity		<u>11,086,093</u>	<u>11,415,389</u>
Liabilities-			
Current Liabilities			
Trade and other current liabilities		61,870	74,180
Dividends payable		505,607	102,093
Due to a related party	6	-	688
Total Liabilities		<u>567,477</u>	<u>176,961</u>
Total Equity and Liabilities		<u>11,653,570</u>	<u>11,592,350</u>

The accompanying notes from 1 to 11 form part of these interim condensed consolidated financial statements

PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2023 (UNAUDITED)

	Notes	31 March 2023 JD	31 March 2022 JD
Residential apartments' sales		40,000	-
Cost of sales residential apartments'	8	(44,781)	-
Gross loss		(4,781)	-
Depreciation	8	(8,698)	(1,352)
Gains (loss) on financial assets at fair value through profit or loss		17,146	(22,442)
Gains on sale of financial assets at fair value through profit or loss		8,685	16,989
Dividends income		13,858	17,084
Administrative expenses	8	(62,470)	(62,990)
Amman Reefs project expenses		(7,071)	-
Other income		3,487	600
Rent income		18,221	-
Interest income		28,988	21,315
Foreign currency exchange gain		9,732	-
Impairment loss properties inventory		(5,000)	-
Group's share of profit of associates	8	76,880	55,909
Profit for the period before income tax		88,977	25,113
Income tax		(8,273)	(4,263)
Profit for the period		80,704	20,850
Add: Other comprehensive income		-	-
Total comprehensive income for the period		80,704	20,850
		JD / Fils	JD / Fils
Basic and diluted earnings per share attributable to equity holders	9	0/008	0/002

The accompanying notes from 1 to 11 form part of these interim condensed consolidated financial statements

DARAT JORDAN HOLDINGS COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2023 (UNAUDITED)

	Paid-in capital	Statutory reserve	Retained Earnings		Total	Total
			Realized gains	Unrealized gain (losses)		
	JD	JD	JD	JD	JD	JD
For three months ended 31 March 2023 -						
Balance at 1 January	10,250,000	241,273	931,838	(7,722)	924,116	11,415,389
Total comprehensive income for the period	-	-	63,558	17,146	80,704	80,704
Dividends distributed (Note 11)	-	-	(410,000)	-	(410,000)	(410,000)
Balance at 31 March 2023	<u>10,250,000</u>	<u>241,273</u>	<u>585,396</u>	<u>9,424</u>	<u>594,820</u>	<u>11,086,093</u>
For three months ended 31 March 2022 -						
Balance at 1 January	10,250,000	227,709	1,212,365	19,117	1,231,482	11,709,191
Total comprehensive income for the period	-	-	43,292	(22,442)	20,850	20,850
Dividends distributed (Note 11)	-	-	(410,000)	-	(410,000)	(410,000)
Balance at 31 March 2022	<u>10,250,000</u>	<u>227,709</u>	<u>845,657</u>	<u>(3,325)</u>	<u>842,332</u>	<u>11,320,041</u>

The accompanying notes from 1 to 11 form part of these interim condensed consolidated financial statements

DARAT JORDAN HOLDINGS COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2023 (UNAUDITED)

	Notes	31 March 2023 JD	31 March 2022 JD
<u>OPERATING ACTIVITIES</u>			
Profit for the period before tax		88,977	25,113
Adjustments for:			
Depreciation	8	8,698	1,352
Interest revenue		(28,988)	(21,315)
Loss (gain) in fair value of financial assets at fair value through profit or loss		(17,146)	22,442
Group share of profit of associates		(76,880)	(55,909)
Dividends income		(13,858)	(17,084)
Gains on sale of financial assets at fair value through profit and loss		(8,685)	(16,989)
Impairment loss properties inventory		5,000	-
Working capital changes:			
Cheques under collection		14,000	-
Accounts receivable		9,003	18,518
Other current assets		20,099	(223,528)
Inventory Properties		44,437	-
Accounts payable and other current liabilities		(20,583)	(26,520)
Dividends payable		403,514	410,000
Income tax paid		-	(4,263)
Net cash flows from operating activities		<u>427,588</u>	<u>111,817</u>
<u>INVESTING ACTIVITIES</u>			
Financial assets at fair value through other comprehensive income		2,507	84,945
Proceeds from sale of financial assets at fair value through profit or loss		46,517	101,933
Proceeds from sale of financial assets at fair value through other comprehensive income		25,279	-
Financial assets at amortized cost		(514,454)	(219,343)
Related parties' balances		(11,193)	(9,695)
Bank deposits		(500,002)	101,693
Financial assets at fair value through profit or loss		(69,532)	(141,134)
Purchase of properties and equipment		(7,844)	(250)
Interest received		13,858	12,082
Properties under development and inventory properties		2,842	(7,920)
Dividends income received		-	17,084
Dividends from associates		546,556	661,619
Net cash flows (used in) from investing activities		<u>(465,466)</u>	<u>601,014</u>
<u>FINANCE ACTIVATES</u>			
Dividends paid		(410,000)	(410,000)
Net cash flows used in financing activities		<u>(410,000)</u>	<u>(410,000)</u>
Net (decrease) increase in cash and cash equivalents		(447,878)	302,831
Cash and cash equivalents at 1 January		563,140	329,935
Cash and cash equivalents at 31 March	5	<u>115,262</u>	<u>632,766</u>

The accompanying notes from 1 to 11 form part of these interim condensed consolidated financial statements

DARAT JORDAN HOLDINGS COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AT 31 MARCH 2023 (UNAUDITED)

(1) General

Darat Jordan Holdings Company was established as a public shareholding Company on 6 December 2007 with an authorized and paid-in capital of JD 15,000,000 divided into 15,000,000 shares at a par value of JD 1 per share. The Group was granted the right to commence its operations on 10 April 2008. The Company's share capital was decreased during the previous years to become JD 10,250,000 divided into 10,250,000 shares at a par value of JD 1 per share.

The Group's objectives are to invest its funds and sources of financing in all types of available investments in different economic, financial, industrial, commercial, agriculture, real estate, tourism, and services sectors through subsidiaries and fully or partially owned companies.

The Company's headquarter is located in Khalda, King Abdullah the Second Street, Building 167, Amman-Jordan.

The interim condensed consolidated financial statements were issued by the Group Board of Directors on 27 April 2023.

(2-1) Basis of preparation

The interim condensed consolidated financial statements for the three months ended 31 March 2023 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through other profit or loss and financial assets at fair value through other comprehensive income that have been measured at fair value as at the date of the interim condensed consolidated financial statements.

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

The interim condensed consolidated financial statements do not contain all information and disclosures required for the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual report as of 31 December 2022. In addition, the results for the three months period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

(2-2) Changes in accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022 except for the adoption of new standards and amendments effective as of 1 January 2023 shown below:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

This standard is not applicable to the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are not expected to have a material impact interim condensed consolidated financial statement of the group.

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(3) Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of Darat Jordan Holdings Company and the following subsidiaries:

Group name	Paid-in capital JD	Principle activities	Ownership percentage %		Group Nature
			2023	2022	
Darat Al Reef Jordan Real estate Company	50,000	Real Estate Development	100	100	Private shareholding Company
Jordanian European Real Estate Management Company	5,000	Real Estate Management	100	100	Limited Liability Company
Altanfezeyoun for Real Estate Development	10,000	Real Estate Services Management	100	100	Limited Liability Company
Al Mashkah Company	10,000	Financial and educational consultations	100	100	Limited Liability Company
Al Marsa Alamen for Real Estate Development	1,000	Real Estate Services Management	100	100	Limited Liability Company
Al Hadas for development and Investments Company	19,000	Real Estate Services Management	100	100	Limited Liability Company

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

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

(4) Income tax

Darat Jordan Holdings Company:

The Company income tax provision was calculated for the periods ended on 31 March 2023 and 31 March 2022 according to the Income Tax Law No. (34) of 2014 and its amendments.

The Company's income tax rate according to the tax law No. (34) for the year 2014 is 20% in addition to 1% for the national contribution.

The Company submitted its annual income tax returns for the years 2017 to 2022 and the Income and Sale Tax Department has not reviewed these tax returns up to the date of these interim condensed consolidated financial statements. The Company reached a final settlement with the Income and Sales Tax Department up to the year 2019.

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Subsidiaries:

No income tax provision was calculated on the results of the operations of the subsidiaries for the period ended 31 March 2023 and 2022 according to Income Tax Law No. (34) of 2014 and its amendments due to the excess of deductible expenses over taxable income.

Jordan European Real Estate Management Company:

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2020.

Executives for real estate development:

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2020.

Al Marsa Alamen for Real Estate Development:

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2020.

Al Mashkah Company:

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2020.

Al Hadas for Development and Investments Company:

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2020.

Darat Al Reef Jordan Real Estate Company:

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2018. The Company submitted its annual income tax returns for the year 2019 and the Income and Sale Tax Department has not reviewed these tax returns up to the date of these interim condensed consolidated financial statements.

(5) Cash and banks balances

	31 March 2023 JD (unaudited)	31 December 2022 JD (audited)
Cash on hand	7,656	8,106
Current accounts	107,606	555,034
Deposits*	1,520,069	1,020,067
	1,635,331	1,583,207

* This item represents short-term deposits in Jordanian Dinars with maturities of one year and bearing an annual interest rate 4% (2022: 4%).

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Cash and cash equivalent shown in the interim consolidated statement of cash flow represents amounts in the interim consolidated statement of financial positions as follows:

	31 March 2023 JD (unaudited)	31 March 2022 JD (unaudited)
Cash on hand and balances at banks	1,635,331	1,652,766
Less: deposits at banks due within a year	(1,520,069)	(1,020,000)
Cash and cash equivalents	115,262	632,766

(6) Related party transactions

Related parties represent associated Companies, major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group management.

The interim condensed consolidated financial statements comprise the financial statements of Darat Jordan Holdings Company and the following subsidiaries:

Company's name	Paid-in capital	Nature of transaction	Percentage of ownership		Group type
			31 March 2023	31 December 2022	
Darat Al Reef Jordan Real estate Company	50,000	Real Estate Development	100	100	Private shareholding
Jordanian European Real Estate Management Company	5,000	Real Estate Management	100	100	Limited liability
Al Tanfezeyoun for Real Estate Development	10,000	Real Estate Services Management	100	100	Limited liability
Al Mashkah Company	10,000	Financial and educational consultations	100	100	Limited liability
Al Marsa Alamen for Real Estate Development	1,000	Real Estate Services Management	100	100	Limited liability
Al Hadas for development and investments Company	19,000	Real Estate Services Management	100	100	Limited liability

Related party balances included in the statement of financial position are as follows:

	31 March 2023 JD (unaudited)	31 December 2022 JD (audited)
Due from related parties		
Jordan Cyprus for Logistic Services Company (Associate)	11,846	-
Al Salam Security Company (Subsidiary of an associate)	-	1,341
	11,846	1,341

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AT 31 MARCH 2023 (UNAUDITED)

	31 March 2023	31 December 2022
	JD	JD
	(unaudited)	(audited)
Due to a related party		
Jordan Cyprus for Logistic Services Company (Associate)	-	688
Interim consolidated statement of comprehensive income:		
	For the three months ended 31 March	
	2023	2022
	JD	JD
	(unaudited)	(unaudited)
Key management and Board of Directors benefits:		
Salaries and other benefits	19,975	20,640
(7) Contingent liabilities		
	31 March 2023	31 December 2022
	JD	JD
	(unaudited)	(audited)
Letters of guarantees*	20,752	60,752

* The cash margin against the letters of guarantee amounted to JD 2,075 as of 31 March 2023 (31 December 2022: JD 15,075).

(8) Segment information

Business segments information

For management purposes the Group's activities are distributed into two main sectors:

Land development – represented with the purchase of lands for the purpose of its development and sale.

Financial investments - represented with the investments in stocks and investments in associates.

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Those sectors are the basis upon which the Group builds its main segment information reports.

	Land development	Financial investments	Other	Total
	JD	JD	JD	JD
For the three months period ended 31 March 2023 (unaudited)				
Segment revenues	58,220	13,858	42,399	114,477
Change of in fair value of financial assets at fair value through profit or loss	-	25,831	-	25,831
Cost of sales	(44,781)	-	-	(44,781)
Group's share of profit of associates	-	76,880	-	76,880
Depreciation of properties and equipment and investment properties	-	-	(8,698)	(8,698)
Other expenses	-	-	(74,732)	(74,732)
Profit (loss) for the period	13,439	116,569	(41,033)	88,977

As at 31 March 2023 -

Assets and liabilities (unaudited)

Segment assets	5,165,436	2,146,874	1,907,428	9,219,738
Investments in associates	-	2,433,832	-	2,433,832
Segment liabilities	(10,166)	-	(557,311)	(567,477)
Net assets	5,155,270	4,580,706	1,350,117	11,086,093

During the period, the Company sold residential properties by 40,000 JD which resulted in a loss of 4,781 JD, therefore an impairment loss recognised of 5,000 JD

**For the three months period ended
31 March 2022 (unaudited)**

Segment revenues	-	17,084	21,915	38,999
Change of in fair value of financial assets at fair value through profit or loss	-	(5,453)	-	(5,453)
Cost of sales	-	-	-	-
Group's share of profit of associates	-	55,909	-	55,909
Depreciation of properties and equipment	-	-	(1,352)	(1,352)
Other expenses	-	-	(62,990)	(62,990)
Profit (loss) for the period	-	67,540	(42,427)	25,113

As at 31 December 2022

Assets and liabilities (audited)

Segment assets	5,187,990	1,796,108	1,704,744	8,688,842
Investments in associates	-	2,903,508	-	2,903,508
Segment liabilities	-	-	(176,961)	(176,961)
Net assets	5,187,990	4,699,616	1,527,783	11,415,389

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(9) Earnings per share for the period

	31 March 2023	31 March 2022
	JD	JD
	(unaudited)	(unaudited)
Profit for the period (JD)	80,704	20,850
Weighted average number of Shares during the period (Share)	10,250,000	10,250,000
	JD / FILS	JD / FILS
Basic and diluted earnings per share attributable to equity holders	0/008	0/002

(10) Legal reserves

The Company did not transfer to the legal reserve and record other fees as required by the Jordanian Companies Law since these financial statements are interim financial statements.

(11) Dividends distributed

In its ordinary meeting held on 21 March 2023, the General Assembly approved the Board of Directors' recommendation to distribute dividends to shareholders amounting to JD 410,000 representing as 4% of the paid in capital of JD 10,250,000 (31 March 2022: 410,000).