

*Union Land Development
Public Shareholding Co.
Amman - Jordan
Consolidated Financial Statements For
The Year Ended December 31st, 2023
and Independent Auditor's Report*

Union Land Development
(PLC)
Amman – Jordan

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Independent Auditor's Report

STATEMENT

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Independent Auditor's Report

**To stockholders,
Union Land Development (PLC)
Amman – Jordan**

Qualified opinion

We have audited the consolidated financial statements of **Union Land Development (PLC)**, which comprise the statement of consolidated financial position as at December 31st, 2023, and the statements of the consolidated comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended, and notes from (1-19), comprising significant accounting policies and other explanatory information.

In our opinion, and except for the effect of the matters referred to in the basis of qualified opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Company, as of December 31st, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)

Basis for qualified opinion

- It should be taken into account that the investment in the Future Cement Industries Company of (97,500) shares is not registered in the Company's records and accounts.
- The provisions of Note No. (19) regarding the potential obligations of the Company and subsidiaries and subsequent events and the provisions of Note (4) regarding Al-Najmiyah plot of land shall be taken into account in addition to not taking provisions for the contingent liabilities, along with the financial effect of what is mentioned in the said Notes.

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 Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were considered in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and not for the purpose of expressing a separate opinion on these matters:

❖ Real estate investments:

The amount appearing in the Company's financial statements represents the value of the real estate investments owned by the Group, and the value of those investments constitutes a high relative importance within the company's non-current assets.

The main audit procedures we performed to verify the validity of real estate investment balances:

Con. /Union Land Development Company - consolidated financial statements for the year 2023

- Study and examine internal control systems related to financial operations related to real estate investments.
- Conduct an analytical and documentary study of the balances and movements of additions and deductions made to real estate investment accounts and link them with the relevant accounts.
- Verifying the actual existence and Group ownership of those investments.
- Studying management estimates and consumption rates for these investments and studying the evaluation reports prepared by real estate appraisers.
- Verifying that there are no indicators of decline in the value of real estate investments that require conducting an impairment test.
- Verifying the accuracy of presentation, disclosure and accounting policies in accordance with international financial reporting standards.

Emphasis Matters

- 1) Real estate investments include lands not registered in the name of the Group, whose book value amounted to JD (4,292,573) as of June 30th, 2023 (Note No. 4), noting that real estate investments are subject to seizure by several government agencies.
- 2) The provisions of Note No. (5) regarding investment in the Abraaj Capital Fund and the absence of a title deed for the investment shall be taken into account.
- 3) There are mutual legal lawsuits between the Company and the related parties' receivables (Note No. 8), and according to the Company's lawyer's opinion, and in view of the data presented in the lawsuit that prove the validity of the claim of the Union Land Development Company for the balance of the outstanding receivable of the related companies, and despite the difficulty of predicting the possible outcome of this lawsuit, however, the Company's lawyer believes that the Company has a very good legal position that may result in a ruling for its favor for the claimed amount, along with interest, duties, and fees. With regard to the counterclaim that the related parties are demanding, according to his assessment of the defense presented in this lawsuit, the counterclaim is not based on a valid legal reason and it is believed that this claim will be dismissed as a result, (a precautionary seizure letter was also obtained against the two companies with the related liabilities mentioned in Note No. (8).
- 4) It is noted that there are differences in the opening balances between the Company's consolidated financial statements as of December 31st, 2022 and the Company's records and subsidiaries with regard to the retained profit and loss accounts, the statutory reserve, and the liabilities of the subsidiary company (Adam Real Estate Investments Company). Accordingly, the Company's records must be amended to be consistent with the balances shown in the financial statements. It is also noted that we are not provided with any information indicating the reason and nature of the amendment to the adjusted comparative figures for the year 2022 as shown in the statement of financial position (Statement A), noting that the effect of the amendment amounting to JD (4,012,708) as in 2023 has been reversed and the situation has been restored to what it was within the financial position as of March 31st, 2023.
- 5) It should be noted that the financial statements for the subsidiary (Paradise for Contracting) for the year 2022 have not been issued, and the opening balances were approved as submitted by the company's management for the purpose of showing comparative figures, noting that the Company's General Assembly decided in its extraordinary meeting held on 5/12/2023 to liquidate the Company voluntarily, and the final liquidation decision was issued and the company's dissolution was announced on 7/4/2024.

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Other Matter

The Company's consolidated financial statements for the year ending December 31, 2022 were audited by another auditor, and he issued an unqualified opinion on those statements on March 30th, 2023. It should be noted that the financial statement of the subsidiaries as of 31/12/2022 were audited by another auditor who issued his audit reports on 17/4/2025.

Other Information

Management is responsible for the other information. The other information consists of the information contained in the annual report and does not include the consolidated financial statements and the auditor's report thereon. Our qualified opinion on the consolidated financial statements does not include the other information, and we do not express any type of assurance or conclusion about it.

With regard to our audit of the consolidated financial statements, our responsibility is to read the other information mentioned above when it becomes available to us, as we evaluate whether the other information is materially inconsistent with the consolidated financial statements or the information obtained through our audit, or whether the other information contains substantial errors.

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 determines is necessary to enable the preparation 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Persons responsible for governance are responsible for overseeing financial reporting procedures.

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 an auditors' report that includes our qualified opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our qualified opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Con. /Union Land Development Company - consolidated financial statements for the year 2023

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

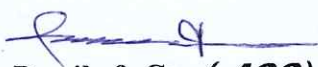
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' 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

The Company maintains proper books of account and the accompanying consolidated financial statements are in agreement therewith. We recommend the approval of the consolidated financial statements by the General assembly, taking into account what was stated in the basis for the qualified opinion, the emphasis matters and the other matter paragraphs.


Dweik & Co. (ACC)
Audit & Consult Consortium
Rafiq T. Dweik (phD)
Audit license No (386)



April 19th, 2025
Amman – Jordan

Statement (A)

Union Land Development (PLC)
Amman – Jordan
Statement of Consolidated Financial Position
as of December 31st, 2023, 2022

| Assets | Note | 31/12/2023 /JD | 31/12/2022 Adjusted/JD | 31/12/2022 /JD |
|--|------|-------------------|---------------------------|-------------------|
| Non-Current Assets | | | | |
| Property and plant -Net | 3 | 2194470 | 2248552 | 2219862 |
| Project under progress | | 3114712 | 3110531 | 3110531 |
| Real – Estate investments- Net | 4 | 37235729 | 37749064 | 41790462 |
| Financial assets at fair value through other comprehensive income | 5 | 1438523 | 2215019 | 2215019 |
| Total Non-Current Assets | | 43983434 | 45323166 | 49335874 |
| Current Assets | | | | |
| Cash and cash equivalents | 6 | 791363 | 741019 | 741019 |
| Accounts' receivable - Net | 7 | 392711 | 394551 | 394551 |
| Related parties' receivables | 8 | 16575302 | 16484115 | 16484115 |
| Other current assets | 9 | 306194 | 339805 | 339805 |
| Total Current Assets | | 18065570 | 17959490 | 17959490 |
| Total Assets | | 62049004 | 63282656 | 67295364 |
| Stockholders' Equity & Liabilities | | | | |
| Stockholders' Equity | | | | |
| Paid in capital | 10 | 42065129 | 42065129 | 42065129 |
| Shares' premium | 10 | 4253659 | 4253659 | 4253659 |
| Statutory reserve | 10 | 2478735 | 2372519 | 2372519 |
| Voluntary reserve | 10 | 1495745 | 1495745 | 1495745 |
| Other reserves | | 1309287 | 1309287 | 1309287 |
| Fair value adjustments through other comprehensive income | | (4724673) | (4160578) | (2420578) |
| Retained earnings (loss) | | 185127 | (404096) | 1976600 |
| Parent Company equity | | 47063009 | 46931665 | 51052361 |
| Non-controlling interest | | 128327 | 000 | 000 |
| Net Stockholders' Equity | | 47191336 | 46931665 | 51052361 |
| Liabilities | | | | |
| Non-Current Liabilities | | | | |
| Long term loan | 11 | 8602180 | 10006364 | 10006364 |
| Total Non-Current Liabilities | | 8602180 | 10006364 | 10006364 |
| Current Liabilities | | | | |
| Short term loan | 11 | 2000000 | 2200000 | 2200000 |
| Accounts' payable & other current liabilities | 12 | 4235446 | 4144627 | 4036639 |
| Due to banks | | 20042 | 000 | 000 |
| Total Current Liabilities | | 6255488 | 6344627 | 6236639 |
| Total Stockholders' Equity & Liabilities | | 62049004 | 63282656 | 67295364 |

“ The accompanying notes are an integral part of these statements ”

Statement (B)

Union Land Development (PLC)
Amman – Jordan
Statement of Consolidated Comprehensive Income
for the years ended December 31st, 2023, 2022

| | Note | <u>31/12/2023</u> | <u>31/12/2022</u> |
|---|------|-------------------|-------------------|
| <u>Comprehensive income</u> | | <u>JD</u> | <u>JD</u> |
| Rental revenues | | 3477755 | 3442797 |
| Cost of rental revenue | | (633005) | (628581) |
| Commodore Hotel operating expenses | | (50460) | (2326) |
| Gross operating income | | 2794290 | 2811890 |
| Profit & loss of investments in subsidiaries | | 000 | (72842) |
| Overhead expenses | 13 | (438738) | (522420) |
| Finance expenses | | (1047951) | (1422456) |
| Income for the year before tax / Comprehensive income | | 1307601 | 794172 |
| Provision for income tax | | (333883) | (209867) |
| National contribution for public debt payment | | (17670) | 000 |
| Income for the year after tax/ Comprehensive income | | 956048 | 584305 |
| Other comprehensive income | | | |
| Fair value adjustments through other comprehensive income | | (564095) | (1478381) |
| Loss of sale of financial assets at fair value through other comprehensive income | | (132438) | 000 |
| Total other comprehensive income | | (696533) | (1478381) |
| Total comprehensive income for the year | | 259515 | (894076) |
| Earnings per share from comprehensive income for the year | | 0,62% | 000 |
| Weighted Average Shares | | 42065129 | 42065129 |

“ The accompanying notes are an integral part of these statements ”

Statement (C)

Union Land Development (PLC)

Amman – Jordan

Statement of Consolidated Changes in Equity
for the years ended December 31st, 2023, 2022

| Description | Paid in Capital | Shares' Premium | Statutory reserve | Voluntary reserve | Other reserve | Fair value adjustments through other comprehensive income | Retained earnings (loss) | Parent CO. equity | Non- controlling interest | Total |
|---|--------------------|--------------------|----------------------|----------------------|------------------|---|--------------------------------|----------------------|---------------------------------|-----------|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balance as of Dec. 31st, 2021 | 42065129 | 4253659 | 2293102 | 1495745 | 1309287 | (3898959) | 1471710 | 48989673 | 000 | 48989673 |
| Retained profit & loss opening balance adjustment | 000 | 000 | 000 | 000 | 000 | 000 | (2380694) | (2380694) | 000 | (2380694) |
| Net income for the year | 000 | 000 | 000 | 000 | 000 | 000 | 584305 | 584305 | 000 | 584305 |
| Statutory reserve | 000 | 000 | 79417 | 000 | 000 | 000 | (79417) | 000 | 000 | 000 |
| Other comprehensive income | | | | | | | | | | |
| Fair value adjustments through other comprehensive income | 000 | 000 | 000 | 000 | 000 | (261619) | 000 | (261619) | 000 | (261619) |
| Balance as of Dec. 31st, 2022 | 42065129 | 4253659 | 2372519 | 1495745 | 1309287 | (4160578) | (404096) | 46931665 | 000 | 46931665 |
| Income for the year after tax / | | | | | | | | | | |
| Comprehensive income | 0000 | 000 | 000 | 000 | 000 | 000 | 956048 | 956048 | 000 | 956048 |
| Statutory reserve | 000 | 000 | 121216 | 000 | 000 | 000 | (121216) | 000 | 000 | 000 |
| Non-controlling interest | 000 | 000 | (15000) | 000 | 000 | 000 | (113327) | (128327) | 128327 | 000 |
| Recalcifications transaction | 000 | 000 | 000 | 000 | 000 | 000 | 156 | 156 | 000 | 156 |
| Other comprehensive income | | | | | | | | | | |
| Fair value adjustments through other comprehensive income | 000 | 000 | 000 | 000 | 000 | (564095) | 000 | (564095) | 000 | (564095) |
| Loss of sale of financial assets at fair value through other comprehensive income | 000 | 000 | 000 | 000 | 000 | 000 | (132438) | (132438) | 000 | (132438) |
| Balance as of Dec. 31st, 2023 | 42065129 | 4253659 | 2478735 | 1495745 | 1309287 | (4724673) | 185127 | 47063009 | 128327 | 47191336 |

"The accompanying notes are an integral part of these statements"

Statement (D)

Union Land Development (PLC)
Amman – Jordan
Statement of Consolidated Cash Flows
for the years ended December 31st, 2023, 2022

| | <u>31/12/2023</u> | <u>31/12/2022</u> |
|---|-------------------|-------------------|
| <u>Cash Flows from Operating Activities:</u> | <u>JD</u> | <u>JD</u> |
| Total comprehensive income for the year | 259515 | (894076) |
| <u>Adjustments:</u> | | |
| Property and plant depreciation | 58112 | 48081 |
| Real estate investment depreciation | 407318 | 404619 |
| Adjustments on financial assets | 564095 | 1478381 |
| Operating income before working capital changes: | 1289040 | 1037005 |
| Accounts' receivable and other current assets | 43745 | (2976574) |
| Accounts' payable & other current liabilities | (8662) | 000 |
| Net cash flows from operating activities | 1324123 | (1939569) |
| <u>Cash Flows from Investing Activities:</u> | | |
| Property and plant | (4030) | 000 |
| Financial assets at fair value through other comprehensive income | 212401 | 8330230 |
| Project under process | (4181) | (10595) |
| Real estate investments | 106173 | (4016927) |
| Net cash flows from investing activities | 310363 | 4302708 |
| <u>Cash Flows from Financing Activities:</u> | | |
| Loan | (1604184) | (1625659) |
| Due to banks | 20042 | 000 |
| Net cash flows from financing activities | (1584142) | (1625659) |
| Net change in cash and cash equivalents | 50344 | 737480 |
| Cash & cash equivalents at beginning of the year | 741019 | 3539 |
| Cash & cash equivalents at end of the year | 791363 | 741019 |

“The accompanying notes are an integral part of these statements”

Union Land Development (PLC)
Amman – Jordan
Notes to Consolidated Financial Statements
for the Year 2023

1- Constitution and objectives:

- A. The Union Land Development company is registered as a public shareholding company in the public shareholding companies register at Companies Control Department under the No. (288) on August 1st, 1995.
- B. The consolidated financial statements were approved by the broad of directors on April 7th, 2025, and it is subject to the General Assembly approval .
- C. **Objectives:**
Establishing and managing tourism institutions and investing its funds in stocks, bonds, lands and real estate and developing them, in addition to establishing, owning, operating, managing and investing in hotels.

2- Significant accounting policies:

Financial statements are prepared under the International Financial Reporting Standards and the related explanatory notes issued by the International Accounting Standards Board (IASB). Following the summary of the significant accounting policies:

A- Amended IFRS:

The Company complies with all following IFRSs requirements and adjustments which were issued by International Accounting Standard Board and become affective within this year:

- IFRS (17) Insurance contracts .
- IAS (1) Presentation of financial statements .
- IAS (8) Accounting policies, change in accounting estimates and errors .
- IAS (12) Income taxes.

B- Basis of Consolidation:

- The consolidated financial statements of the Company and its subsidiaries are prepared in accordance with the International Financial Reporting Standards and the related interpretations originated by the International financial Reporting Interpretations Committee.
- The consolidated financial statements are prepared according to historical cost basis except for financial assets at fair value.
- The Jordanian dinar is the currency of the consolidated financial statements, which represents the main currency of the company.

Following is the consolidation basis:

- 1- The consolidated financial statements include the consolidated financial statements of the parent company and the financial statements of its subsidiaries and other companies that are under its control. Control is presumed to exist when the parent is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, Intra- Group balances, transactions, revenues and expenses are eliminated for the purpose of consolidation.

- 2- The financial statements of subsidiaries are prepared as of the same date of the financial statements of the Parent Company and using the same accounting policies used by the Parent Company. If the subsidiaries use accounting policies other than those used by the Parent Company, required amendments on financial statements of subsidiaries to be taken to uniform with accounting policies used by the Parent Company.
- 3- The financial performance of the subsidiaries is consolidated in the consolidated statement of comprehensive income from the date of acquisition, which is the date on which the Parent Company actually transfers control over the subsidiaries. The financial performance of the subsidiaries that are disposed of are consolidated in the consolidated statement of comprehensive income until the date on which the Company loses control over the subsidiaries.
- 4- The Company owns number of subsidiaries their details are as follow:

| Company's name | Ownership | Capital (JD) |
|---|-----------|--------------|
| Al-Nibal for Housing Company (LLC) | 100% | 30000 |
| Paradise Construction Contracting Company "Under Liquidation" (LLC) | 70% | 50000 |
| Adam Real Estate Investment Company (LLC) | 100% | 30000 |
| Paradise Architectural Industries Company (LLC) | 100% | 100000 |
| Al-Mahla Real Estate Investment Company)LLC) | 100% | 1000 |
| Al-Furait Real Estate Investment Company (LLC) | 100% | 1000 |
| Dabaa Real Estate Investment Company (LLC) | 100% | 1000 |
| Taj Al-Madina Housing Company (LLC) | 100% | 50000 |

C. Real estate investments:

The cost method is followed in measuring real estate investments after deducting accumulated depreciation - except for land. Any decline in its value is recorded in the income statement, and real estate investments are depreciated at a rate of (2%) annually.

D- Property, plant & equipment:

Property, plant & equipment are carried at historical cost less (except for land) the accumulated depreciation and impairment. Such assets are depreciated on a straight-line basis at the following depreciation rates:

| <u>Asset</u> | <u>Dep. Rate</u> |
|--------------------------------|------------------|
| Buildings & constructions | 2% |
| Furniture & decoration | 9%-10% |
| Computers, devices & equipment | 12%-20% |
| Cars | 15 % |

In case of disposal of any property, plant or equipment, the carrying value of such and the related accumulated depreciation to be credited by the recorded amount of each, while the gain or loss resulted from disposal to be recognized in Income Statement. Subsequent additions or improvements expenditures on existing items of property, plant or equipment shall be capitalized at cost, while repair and maintenance expenditures shall be recognized as current expense.

E- Revenue recognition:

Revenues are recognized on the date the service is provided or the commodity is sold, while other revenues and other expenses are recognized on the due date.

F. Accounts receivable:

Accounts receivable are recorded at the original invoice amount after deducting the amounts estimated to be uncollectible. An estimate is made for doubtful debts and bad debts are written off when there is no possibility of collection.

G. Accounts' payable & accrued liabilities:

Accounts' payable and accrued liabilities are recognized when goods and services are received by the Company, whether or not claimed by the supplier.

H. Cash and Cash Equivalents:

For preparing Cash Flow Statement purposes, the cash and cash equivalents represent cash on hand and at banks. Any overdrafts that floating from credit to debt balances, or vs. shall be deducted from cash and cash equivalents item.

I. Use of Estimates:

The preparation of the accompanying financial statements requires estimates and assumptions for some items in the financial statements when applying accounting policies, examples include provision for doubtful debts, and the management conducts future estimates of the uncertainties at the end of the fiscal year, which may lead to a significant risk and is likely to cause fundamental modifications to in operating assets and liabilities balances over the next year. Examples include various provisions, lawsuits and claims filed against the Company.

J. Financial Instruments:

Any contract that gives rise to a financial asset of one entity and a financial liability, or equity instrument of another entity. Financial instruments consist primarily of cash in hand, cash at banks, accounts receivables, payables, and securities.

3- Property, plant & equipment:

| Description | Land, buildings & instructions <u>JD</u> | Furniture & decoration <u>JD</u> | Computers, devices & equipment <u>JD</u> | Cars <u>JD</u> | Total <u>JD</u> |
|---|---|---|---|-------------------|--------------------|
| <u>Cost</u> | | | | | |
| Balance as of Dec. 31 st , 2022 | 3800970 | 179782 | 392914 | 86185 | 4459851 |
| Additions | 4030 | 000 | 000 | 000 | 4030 |
| Balance as of Dec. 31st, 2023 | 3805000 | 179782 | 392914 | 86185 | 4463881 |
| <u>Accumulated depreciation</u> | | | | | |
| Balance as of Dec. 31 st , 2022 | 1563813 | 179196 | 391001 | 77289 | 2211299 |
| Depreciation for the year | 49976 | 224 | 287 | 7625 | 58112 |
| Balance as of Dec. 31st, 2023 | 1613789 | 179420 | 391288 | 84914 | 2269411 |
| Net book value: | | | | | |
| As of Dec. 31 st , 2023 | 2191211 | 362 | 1626 | 1271 | 2194470 |
| As of Dec. 31 st , 2022 | 2237157 | 586 | 1913 | 8896 | 2248552 |

4- Real Estate Investments:

| | <u>2023/JD</u> | <u>2022/JD</u> |
|---------------------------------|-----------------|-----------------|
| Cost of real estate investments | 42842473 | 42948490 |
| Less: accumulated depreciation | (5606744) | (5199426) |
| Net book value | 37235729 | 37749064 |

- This item includes lands mortgaged to the Investment Bank with a first-degree mortgage guarantee worth JD (17,000,000) on plot No. (266) and the IKEA buildings.
- According the opinion of management, the fair value of investments and real estate properties, including lands, buildings and constructions mentioned in Note No. (3) and the project under process (Al-Zara Project), based on the average of estimates of internal and external evaluators, is approximately JD (76,401,414) as of 31/12/2023.
- The real estate investments item includes lands registered in the name of several other parties that the Group obtained the right to use as follows:

| | <u>2023/JD</u> | <u>2022/JD</u> |
|-------|----------------|----------------|
| Lands | 4,292,573 | 2,785,399 |

- 1) The real estate investments are subject to seizure by several government agencies.
- 2) Among the real estate investments is a plot of land (Al-Najmiyah Land) registered in the name of the Parent Company and Al-Ittihad Financial

Investments Company, where the share registered in the name of Al-Ittihad Financial Investments Company has not been registered in the name of the Company until the date of the financial statements, despite the Company paying the full value of the share, his resulted in the cancellation of the seizure of the share of the Union Financial Investments Company in the plot of land referred to above as a result of financial obligations of third parties against the Union Financial Investments Company under lawsuit No. 591/2024. In order to preserve the rights of the Company, a financial claim lawsuit No. (9767/2024) was recently filed at the Amman Court of First Instance against the Union Financial Investments Company. The subject of the lawsuit is a financial claim for the amount of JD (1,875,000), which represents the value of the amount paid during the year 2007 by the Company in exchange for purchasing the share of the Union Financial Investments Company in the Al-Najmiya plot of land (according to what was reported by the Company's legal advisor).

5- **Financial assets at fair value through other comprehensive income:**

| | <u>2023/JD</u> | <u>2022/JD</u> |
|----------------------------|----------------|----------------|
| Equity instruments at cost | 6163196 | 6375597 |
| Fair value adjustment | (4724673) | (4160578) |
| Total | 1438523 | 2215019 |
| | ===== | ===== |

*The above Note includes the investment in the Abraaj Capital Fund, which was made pursuant to Board of Directors Resolution No. 21/2016 dated 6/10/2016, with the amount of JD (1,740,000), noting that a provision for impairment was made in the full value of the investment, taking into account the absence of a title deed for the aforementioned investment.

6- **Cash and cash equivalents:**

| | <u>2023/JD</u> | <u>2022/JD</u> |
|---------------|----------------|----------------|
| Petty cash | 894 | 64 |
| Cash at banks | 790469 | 740955 |
| Total | 791363 | 741019 |
| | ===== | ===== |

7- **Accounts' receivable - Net:**

| | <u>2023/JD</u> | <u>2022/JD</u> |
|------------------------------------|----------------|----------------|
| Accounts' receivable | 686467 | 1360758 |
| Less: provision for doubtful debts | (293756) | (966207) |
| Total | 392711 | 394551 |
| | ===== | ===== |

8- **Related parties' receivables:**

| | <u>Type of relation</u> | <u>Kind of dealing</u> | <u>2023 JD</u> | <u>2022 JD</u> |
|---|---|-------------------------------|------------------------|------------------------|
| Union Investments Corporation /P.L.C | Owning more than 5% of the company's shares | Investment | 12267983 | 12226150 |
| Union Tobacco and Cigarettes Industries Corporation / P.L.C | Controlled by a board member | Investment | 6202942 | 6153588 |
| Total | | | <u>18470925</u> | <u>18379738</u> |
| Less: Provision for doubtful debts | | | (1895623) | (1895623) |
| Net | | | <u>16575302</u> | <u>16484115</u> |

9- **Other current assets:**

| | <u>2023/JD</u> | <u>2022/JD</u> |
|-------------------------|-----------------------|-----------------------|
| Income tax consignments | 164153 | 154338 |
| Refundable deposits | 74699 | 80553 |
| Checks under collection | 66527 | 66775 |
| Employees' receivables | 573 | 38139 |
| Sales tax consignments | 242 | 000 |
| Total | <u>306194</u> | <u>339805</u> |

10- **Capital and reserves:**

a) **Capital:**

The Company's capital witnessed different increases till it reached JD (42,065,129) divided to (4,065,129) shares.

b) **Shares' premium:**

This item represents the difference between the par value of shares issued for underwriting and the total amount received from stockholders

c) **Statutory reserve:**

The accumulative amount of this account represents amounts transferred from EBIT at a rate of 10%.

d) **Voluntary reserve:**

The accumulative amount of this account represents amounts that are transferred from EBIT and are subject to the General Assembly approval when transferred, distributed or disposed of pursuant to the Companies Law in force.

11- Loan:

| <u>Statement</u> | <u>Loan installments to be paid</u> | | <u>Total</u> | |
|------------------|-------------------------------------|----------------------------------|--------------------------|--------------------------|
| | <u>within a year</u> <u>JD</u> | <u>after a year</u> <u>JD</u> | <u>2023</u> <u>JD</u> | <u>2022</u> <u>JD</u> |
| Invest Bank Loan | 2000000 | 8602180 | 10602180 | 12206364 |
| Total | 2000000 | 8602180 | 10602180 | 12206364 |

During the year 2018, the Company signed a loan agreement with the Invest Bank in the amount of JD (17,000,000) and with an annual interest of (8%) to pay the banking obligations granted to the Company by the Jordan Kuwait Bank and to pay the margin accounts of the Company and its sister companies with financial brokerage companies, in addition to financing its objectives against providing a first-class real estate mortgage, worth JD (17,000,000) on a plot of land (lands and buildings of IKEA) and a Public Notary assignment of the rents of the IKEA building for favor of the bank pursuant to a transfer of a fundamental right on the rent of the company IKEA, where it was agreed that the loan would be repaid in (16) installments due in 5/30 and 11/30 of each year, starting from 11/30/2018. During the year 2022, repayment of the remaining loan balance amounting to JD (12,100,000) was rescheduled to be paid in (12) installments to be paid on 5/30 and 11/30. of each year and the value of each installment is JD (1,000,000), with the exception of the first installment due on 5/30/2023, amounting JD (900,000).

12- Accounts' payable & other current liabilities:

| | <u>2023/JD</u> | <u>2022/JD</u> |
|-------------------------------|----------------|----------------|
| Accounts payable | 267608 | 266225 |
| Prepaid revenues | 1317354 | 1263234 |
| Accrued provisions & expenses | 1090394 | 1002453 |
| Income tax provision | 1007256 | 763566 |
| Shareholders' consignments | 302928 | 304999 |
| Deferred checks | 249906 | 544150 |
| Total | 4235446 | 4144627 |

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Overhead expenses:

| | <u>2023/JD</u> | <u>2022/JD</u> |
|---|-----------------------|-----------------------|
| Professional & consultation fees | 107794 | 63868 |
| Salaries & wages and related exp. | 99647 | 168998 |
| Official fees, licenses & subscriptions | 84070 | 17506 |
| Previous years audit fees | 37120 | 000 |
| End of service provision | 30348 | 000 |
| Depreciation | 17535 | 48081 |
| Previous years expenses | 16335 | 000 |
| Current year audit fees/Parent Co. | 11600 | 000 |
| Subsidiaries' audit fees * | 6960 | 000 |
| Water & electricity | 6629 | 2375 |
| Cleaning & hospitality | 4753 | 000 |
| Tax expenses | 3928 | 000 |
| Maintenance | 3648 | 7786 |
| Miscellaneous expenses | 3380 | 199784 |
| General Assembly Meetings exp. | 2611 | 3036 |
| Post & telephone expenses | 1010 | 297 |
| Insurance exp. | 878 | 1581 |
| Stationery and printings | 492 | 5415 |
| Transportation expenses | 000 | 1215 |
| Advertising exp. | 000 | 2478 |
| Total | <u>438738</u> | <u>522420</u> |

*The Company's management decided to bear the audit fees of the subsidiaries amounting to JD (6,960).

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Group Lawsuits:

Lawsuits related to related parties' receivables:

- There is a lawsuit filed by the Company against the Union Tobacco and Cigarettes Industries Corporation / P.L.C regarding financial claim for the balance of outstanding obligations owed by the defendant, which amounts to JD (6,145,073). There is a counterclaim by the defendant regarding the subject of conducting accounting, demanding a financial liability and estimated compensation. For fees purposes, the lawsuit amount and its evidence in the counterclaim filed by JD (3,000,000).
- There is a lawsuit filed by the Company against Union Investments Corporation /P.L.C regarding a financial claim related to the balance of outstanding obligations due by the defendant, amounting JD (12,267,099), and there is a counterclaim by the defendant regarding the subject of conducting accounting, demanding a financial liability and estimated compensation, estimated for fees purposes by JD (3,000,000).

In the opinion of the Company's lawyer, it is difficult to predict the possible outcome of these lawsuits, but the Company's position is very good and the counterclaim filed by the other party will be rejected.

15- **Operating sectors:**

The Company carries out its business through the main activity of establishing and managing tourism institutions and investing its funds in stocks, bonds, lands and real estate and developing them, in addition to establishing, owning, operating and investing in hotels.

16- **Income tax:**

- The Company's business results until the end of 2017 were discussed and settled with the Income and Sales Tax Department.
- Tax declarations of the Company's business results for the years 2018 to 2022 were submitted to Income and Sales Tax Department and have not been reviewed up to date.

17- **Financial Instruments:**

a- **Fair Value:**

The book value of financial instruments that represents cash, payables, receivables and loans is matching the fair value.

The notes to the financial statements show the fair value to these financial instruments, and some of the accounting policies show the adopted methods to evaluate such instruments.

b- **Credit Risk:**

The Company hold current and time deposits at banks of appropriate credit.

c- **Prices Risk:**

- **Market Risk:**

The market risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market prices. The financial instruments represented in the statements of financial position are not subject to such risk.

- **Currency Risk:**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The risk related to financial instruments namely, the US Dollar are very low as the exchange rate of the US Dollar in exchange with Jordan Dinar is fixed, while the other exchange rates risk were dealt with accordingly in the financial statements.

- **Interest Rate Risk:**

The financial instruments in the statements of financial position are not subject to interest rate risk, except for the credit and banking credit that are subject to competent controlling commissions.

18- General:

- a) Some comparative figures for the previous year have been reclassified to be consistent with the figures for the current year.
- b) Attention must be drawn to the effect of the Jordan Securities Commission regulations and Jordanian Companies Law on calculating statutory reserve only on the realized earnings bases. Taking into account restrictions on the distributing dividends for unrealized earnings, and withholding a portion of retained profits to offset negative values in the statement of changes in equity.

19- Contingent liabilities and Subsequent Events:

- a. There is an liability on the subsidiary company (Adam Real Estate Investments Company) represented by the company's guarantee of the loan granted to the Union Financial Investments Company in 2014 in exchange for a mortgage on one of the lands of the subsidiary company (Adam Real Estate Investments Company). On 16/1/2024, the subsidiary company sent a letter to the Union Financial Investments Company to release the mortgage on the aforementioned plot of land. On 24/2/2024, the subsidiary company took a decision to initiate the necessary legal procedures against the Union Financial Investments Company to release the mortgage on the plot of land, knowing that the Blom Bank recently carried out the execution process on the mortgage bond for the plot of land. After reviewing the lawsuit filed by the bank, it became clear that the bank sent a notification issued by the Execution Department to the subsidiary company, claiming to pay an amount of JD (3,200,000), in addition to fees, expenses, attorney's fees and interest - if any - and it became clear that the person who received this notification has no connection to the subsidiary company, on 6/6/2024, a warning was sent by the subsidiary to the Union Financial Investments Company to release the mortgage on the plot of land, and it was received by the Union Financial Investments Company, and on 13/6/2024, an executive request decision was issued to invalidate the knowledge and experience of the notification of the executive notification and the procedures carried out pursuant to it regarding the notification issued based on the request of the Blom Bank.

An enforcement lawsuit was filed by BLOM Bank against the Union Financial Investments Company and against Adam Real Estate Investments Company, in its capacity as a real estate guarantor, pursuant to a mortgage deed for the property for plot No. (757), Hano Basin, Sweifieh, No. (11), Wadi Al-Seer Village, West Amman, and the enforcement lawsuit number is (1981/2024). The outcome of the lawsuit was to register the real state in the name of the last bidder on February 5, 2025, and that Adam Company has the right to reclaim the real state within a period of six months from February 5, 2025, in exchange with depositing the amount of the awarded sums. Later, Adam Company filed a complaint with the Union Land Development Company against the Union Financial Investments Company regarding the felony of exploiting one's position and the misdemeanor of neglect of duty, in which the Public Prosecutor decided to impose a precautionary seizure on plot formerly No. (34), Hano Basin, (recently No. plot No. (757), in light of the precautionary seizure, a request was submitted to suspend the enforcement procedures in lawsuit No. (1981/2024). This has not yet been decided up to the financial statements date (according to what was reported by the Company's legal advisor).

- b. There is a lawsuit filed against the Company and the subject of the lawsuit is a residential project owned by the subsidiary (Al-Nabbal Housing Company) that is located on plot No. (809) Basin (18) Wadi Saqra / Amman lands. The plot and the building on it were sold in 2009 to Mr. Ali Khair Al-Maani under a special irrevocable power of attorney. Mr. Ali Khair Al-Maani did not transfer ownership of the property within the legal period. The subject of the lawsuit pending at the competent court is the recovery of what was paid in addition to the legal interest and his unwillingness to complete the ownership of the property. The lawsuit is still pending before the Court, knowing that the amount likely to be ruled against Al-Nabbal Housing Company is JD (1,897,996), including the value of the lawsuit, fees, legal interest and attorney fees. Noting that the ruling has been implemented by the Amman Execution Department, and that the amounts have not been calculated by the Execution Department up to the date of implementation (according to what was reported by the Company's legal advisor).
- c. There is a stamp duty claim against the Parent Company for the amount of JD (258,777.471) represents stamp duty fees in addition to JD (517,554.943) fines at a double amount of the stamp duty fees incurred by the Company during the years 2011, 2012. 2013 and not paid to date.