

AL-DAMAN FOR INVESTMENTS COMPANY

PUBLIC SHAREHOLDING COMPANY

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2021



**Building a better
working world**

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**Report on Review of Interim Condensed Financial Statements
To the Board of Directors of Al-Daman for Investments Company
Public Shareholding Company
Amman - Jordan**

Introduction

We have reviewed the accompanying interim condensed financial statements of Al-Daman for Investments Company - Public Shareholding Company (the "Company") as at 31 March 2021, comprising of the interim condensed statement of financial position as at 31 March 2021 and the related interim condensed statements of income, 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 financial statements in accordance with International Accounting Standard IAS 34 ("Interim Financial Reporting"). Our responsibility is to express a conclusion on these interim condensed 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 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 financial statements are not prepared, in all material respects, in accordance with IAS 34.

Amman – Jordan
27 April 2021

Ernst + Young

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2021

	Notes	31 March 2021 JD (Unaudited)	31 December 2020 JD (Audited)
<u>ASSETS</u>			
NON-CURRENT ASSETS -			
Property and equipment		26,536	26,462
Investments properties		2,078,023	2,094,187
Right of use asset	6	1,277,117	1,337,245
Investments in an associate	4	5,021,298	5,044,089
Financial assets at fair value through other comprehensive income		193,842	193,850
		<u>8,596,816</u>	<u>8,695,833</u>
CURRENT ASSETS -			
Checks under collection, net		38,582	4,455
Accounts receivable, net		54,750	152,966
Other current assets		76,103	148,082
Cash and bank balances	5	2,849,530	2,790,010
		<u>3,018,965</u>	<u>3,095,513</u>
TOTAL ASSETS		<u><u>11,615,781</u></u>	<u><u>11,791,346</u></u>
<u>EQUITY AND LIABILITIES</u>			
SHAREHOLDERS' EQUITY -			
Share capital		10,000,000	10,000,000
Statutory reserve	7	376,448	376,448
Voluntary reserve	7	64,164	64,164
Fair value reserve		(75,394)	(75,386)
Company's share of fair value reserve of an associate		(147,579)	(188,352)
Accumulated losses		(299,169)	(114,766)
NET EQUITY		<u>9,918,470</u>	<u>10,062,108</u>
LIABILITIES-			
NON - CURRENT LIABILITIES -			
Lease liabilities	6	<u>1,378,373</u>	<u>1,425,729</u>
CURRENT LIABILITIES -			
Other current liabilities		255,312	246,298
Lease liabilities	6	63,626	57,211
		<u>318,938</u>	<u>303,509</u>
TOTAL LIABILITIES		<u>1,697,311</u>	<u>1,729,238</u>
TOTAL EQUITY AND LIABILITIES		<u><u>11,615,781</u></u>	<u><u>11,791,346</u></u>

The attached notes from 1 to 12 form part of these interim condensed financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

	Notes	31 March 2021 JD	31 March 2020 JD
Operating revenues		104,268	106,597
Operating expenses		(63,138)	(70,629)
Operating profit for the period		41,130	35,968
Interest income		32,521	36,454
Dividends income		721	-
Administrative Expenses - Amman		(24,588)	(24,655)
Administrative Expenses - Aqaba		(21,584)	(22,970)
Finance cost – lease liabilities		(35,692)	(35,902)
Provision for expected credit losses		(114,292)	(35,383)
Share of results from an associate	4	(63,564)	(33,198)
Other revenues		945	-
Loss for the period before income tax		(184,403)	(79,686)
Income tax	8	-	-
Loss for the period		(184,403)	(79,686)
		JD/Fils	JD/Fils
Basic and diluted loss per share for the period	9	(0/018)	(0/008)

The attached notes from 1 to 12 form part of these interim condensed financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

	31 March 2021	31 March 2020
	JD	JD
Loss for the period	(184,403)	(79,686)
Add: Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods		
Changes in fair value	(8)	(28,682)
Changes in fair value reserve of an associate	40,773	(17,472)
Total comprehensive income for the period	(143,638)	(125,840)

The attached notes from 1 to 12 form part of these interim condensed financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)

	Share capital	Statutory reserve	Voluntary reserve	Fair value reserve	Company's share of fair value reserve of an associate	Accumulated losses	Total
	JD	JD	JD	JD	JD	JD	JD
2021 -							
Balance at 1 January 2021	10,000,000	376,448	64,164	(75,386)	(188,352)	(114,766)	10,062,108
Loss for the period	-	-	-	-	-	(184,403)	(184,403)
Changes in fair value reserve	-	-	-	(8)	-	-	(8)
Company's share of fair value reserve from an associate	-	-	-	-	40,773	-	40,773
Total Comprehensive Income for the period	-	-	-	(8)	40,773	(184,403)	(143,638)
Balance at 31 March 2021	<u>10,000,000</u>	<u>376,448</u>	<u>64,164</u>	<u>(75,394)</u>	<u>(147,579)</u>	<u>(299,169)</u>	<u>9,918,470</u>
2020 -							
Balance at 1 January 2020	10,000,000	376,448	64,164	(45,822)	(165,708)	414,835	10,643,917
Profit for the period	-	-	-	-	-	(79,686)	(79,686)
Changes in fair value reserve	-	-	-	(28,682)	-	-	(28,682)
Company's share of fair value reserve from an associate	-	-	-	-	(17,472)	-	(17,472)
Total Comprehensive Income for the period	-	-	-	(28,682)	(17,472)	(79,686)	(125,840)
Balance at 31 March 2020	<u>10,000,000</u>	<u>376,448</u>	<u>64,164</u>	<u>(74,504)</u>	<u>(183,180)</u>	<u>335,149</u>	<u>10,518,077</u>

The attached notes from 1 to 12 form part of these interim condensed financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (Unaudited)

	<u>Notes</u>	<u>31 March 2021 JD</u>	<u>31 March 2020 JD</u>
<u>OPERATING ACTIVITIES</u>			
Loss for the period		(184,403)	(79,686)
Adjustments for:			
Depreciation of property and equipment		1,661	1,941
Depreciation of investments properties		16,164	16,158
Depreciation on right of use asset	6	4,755	7,617
Finance cost – lease liability	6	35,692	35,902
Provision for expected credit losses		114,292	35,383
Share of results from an associate	4	63,564	33,198
Interest income		(32,521)	(36,454)
Dividends income		(721)	-
Working capital changes:			
Accounts receivable and other current assets		(32,050)	(45,890)
Checks under collection		(34,127)	6,177
Other current liabilities		11,721	53,128
Net cash flows (used in) from operating activities		<u>(35,973)</u>	<u>27,474</u>
<u>INVESTING ACTIVITIES</u>			
Deposits at banks with maturity of more than 3 months	5	(116,494)	(104,720)
Dividends Income received		721	-
Purchases of investments properties		-	(4,650)
Purchases of property and equipment		(1,735)	-
Project in progress		-	(2,536)
Interest income received		120,474	123,813
Net cash flows from investing activities		<u>2,966</u>	<u>11,907</u>
<u>FINANCING ACTIVITIES</u>			
Payment of lease liability	6	<u>(23,967)</u>	<u>(21,181)</u>
Net cash flows used in financing activities		<u>(23,967)</u>	<u>(21,181)</u>
Net (decrease) increase in cash and cash equivalents during the period			
		(56,974)	18,200
Cash and cash equivalents at 1 January		100,476	93,064
Cash and cash equivalents at 31 March	5	<u>43,502</u>	<u>111,264</u>

The attached notes from 1 to 12 form part of these interim condensed financial statements

(1) GENERAL

Al-Daman for Investments Company ("Company") was established and registered on 17th April 1993, as a Public Shareholding Company. The Company paid in capital is JD 10,000,000 divided into 10,000,000 share at par value of (JD 1) each.

The Company's objectives are to invest in projects, other companies, securities, and investing the Company's cash in real estate industry.

The interim condensed financial statements were authorized for issuance by the Board of Directors on 26 April 2021.

The Company's interim condensed financial statements are consolidated in the consolidated financial statement of (the Social Security Corporation) which owns 61.3% of the company's share capital.

(2-1) BASIS OF PREPARATION FINANCIAL STATEMENTS

The interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

The interim condensed financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through other comprehensive income, which have been measured at fair value as of the date of these interim condensed financial statements.

The interim condensed financial statements do not contain all information and disclosures required for the financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the annual financial statements as of 31 December 2020. In addition, the result of the three months period ended 30 March 2021 are not necessarily indicative of the result that may be expected for the financial year ending 31 December 2021.

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

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020 except for the adoption of new standards effective as of 1 January 2021 shown below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

(3) USE OF ESTIMATES

The preparation of the interim condensed financial statements and appliance of accounting policies requires the company's management to use estimation and professional judgement that affects the amounts of assets and liabilities and the disclosure of contingent liabilities. These estimates and judgements also affects revenues, expenses, and provisions. They especially require from the management to make important estimates and provisions that affect future cash flow and their timing that are a result of the situation and circumstances of those estimates in the future. Those estimates are based on multiple theories and factors that have multiple degrees of estimation and uncertainty. Therefor the actual results might differ from the estimates as a result in the change in future conditions and circumstances for those provisions.

(4) INVESTMENT IN AN ASSOCIATE

This item represents the Company's share in Al-Sharq for Projects Investments PLC. – Movenpick Amman of 26.03% (31 December 2020: 26.03%), the Company owns 4,164,153 shares as of 31 March 2021 and 31 December 2020 from the capital of Al-Sharq for investment projects PLC with a fair value of JD 9,452,627 as of 31 March 2021 (31 December 2020: JD 10,410,383).

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (Unaudited)

Movement on investment in an associate were as follow:

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Beginning balance of the period/ year	5,044,089	5,393,961
Share of results from an associate	(63,564)	(327,228)
Share of the change in fair value reserve of financial assets of an associate	40,773	(22,644)
Ending balance of the period/ year	5,021,298	5,044,089

The following schedules summarizes the financial information for the Company's investment in Alsharq Company for projects investments:

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Current assets	1,082,493	993,099
Non-current assets	18,761,568	18,859,712
Current liabilities	(572,170)	(493,354)
Non-current liabilities	(352,941)	(352,941)
Net equity	18,918,950	19,006,516
Adjustments	374,474	374,474
Equity	19,293,424	19,380,990
Percentage of the Company's ownership	26,03%	26,03%
Carrying amount of the investment	5,021,298	5,044,089
Operating revenues	50,285	2,027,305
Operating costs	(253,187)	(862,400)
Administrative, maintenance, marketing and depreciation expenses	(42,008)	(2,435,653)
Other revenues	677	13,437
Loss for the period/ year before tax	(244,233)	(1,257,311)
Income tax expense	-	-
Loss for the period/ year	(244,233)	(1,257,311)
Company's share of loss for the period/ year	(63,564)	(327,228)

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (Unaudited)

(5) CASH AND BANK BALANCES

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	650	-
Cash at banks	42,852	100,476
Cash and cash equivalents	43,502	100,476
Deposits maturing within a period of more than 3 months up to one year	2,806,028	2,689,534
	<u>2,849,530</u>	<u>2,790,010</u>

* This item represents deposits in Jordanian dinar which earns interest at a rate between 3.5% and 4.25% for the period ended 31 March 2021 (31 December 2020: 5.25% and 6.25%). Deposits are held for period between three months and one year.

(6) LEASE LIABILITIES

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period ended 31 March 2021 (Unaudited):

	Right of use assets - Lands	Lease Liabilities*
	JD	JD
At 1 January 2021	1,337,245	1,482,940
Adjustments	(55,373)	(55,373)
Depreciation	(4,755)	-
Finance costs	-	35,692
Accrued finance costs	-	2,707
Payments	-	(23,967)
At 31 March 2021	<u>1,277,117</u>	<u>1,441,999</u>

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (Unaudited)

* Lease liabilities details as at 31 March 2021 are as follows:

31 March 2021			31 December 2021		
(Unaudited)			(Audited)		
<u>Short term</u>	<u>Long term</u>	<u>Total</u>	<u>Short term</u>	<u>Long term</u>	<u>Total</u>
JD	JD	JD	JD	JD	JD
<u>63,626</u>	<u>1,378,373</u>	<u>1,441,999</u>	<u>57,211</u>	<u>1,425,729</u>	<u>1,482,940</u>

(7) LEGAL RESERVES

The Company did not deduct legal reserves in accordance with the effective laws and regulations as these financial statements are interim condensed financial statements.

(8) INCOME TAX

No provision for income tax was calculated for the periods ended 31 March 2021 and 31 March 2020 due to the fact that the Company has accumulated losses from prior years in accordance with the Income Tax Law No. (38) of 2018.

The Company reached a final settlement with the Income and Sales Tax Department for its operations in Amman up to the year 2018. The Company submitted its tax declaration for the years 2019 and 2020, which have not been reviewed by the Income Tax Department as at the interim condensed financial statements preparation date.

The Company reached to a final settlement with the income tax department for its operations in Aqaba up to the year 2016.

The Company submitted its tax declarations for its operation in Aqaba for the years 2017, 2018, 2019 and 2020. The Income and Sales Tax Department did not reviewed the accounting records of the Company at the interim condensed financial statements preparation date.

(9) BASIC AND DILUTED EARNINGS PER SHARE

	31 March 2021	31 March 2020
Loss for the period (JD)	(184,403)	(79,686)
Weighted average number of shares (Share)	10,000,000	10,000,000
	<u>Fils/ JD</u>	<u>Fils/ JD</u>
Basic loss per share for the period (JD)	<u>(0/018)</u>	<u>(0/008)</u>

The diluted earnings per share is equal to the basic earnings per share.

(10) SEGMENT INFORMATION

The Business segment represents a group of assets and operations that work together to provide products or services that are subjected to risk and returns that differ from that related to other business segments.

The geographical segment is linked to providing products or services in a specific economical environment subjected to risks and returns that differ from those related to business in economical environment.

The Company's activities consists of one economical segment which represents revenues and expenses on the Aqaba project in addition to Amman office expenses, and the Board of Directors.

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (Unaudited)

There are no other segments, also the company is not involved in any other trade activity, and the following is a summary of operations:

	Amman JD	Private economic zone / Aqaba JD	Total JD
31 March 2021: (Unaudited)			
Operating revenues	-	104,268	104,268
Operating expenses	-	(63,138)	(63,138)
Share of results from an associate	(63,564)	-	(63,564)
Interest income	-	32,521	32,521
Dividends Income	721	-	721
Administrative expenses	(24,588)	(21,584)	(46,172)
Finance cost – lease liabilities	-	(35,692)	(35,692)
Provision for expected credit loss	-	(114,292)	(114,292)
Other Revenues	-	945	945
Loss for the period	(87,431)	(96,972)	(184,403)
31 March 2020: (Unaudited)			
Operating revenues	-	106,597	106,597
Operating expenses	-	(70,629)	(70,629)
Share of results from an associate	(33,198)	-	(33,198)
Interest income	-	36,454	36,454
Administrative expenses	(24,655)	(22,970)	(47,625)
Finance cost – lease liabilities	(273)	(35,629)	(35,902)
Provision for expected credit loss	-	(35,383)	(35,383)
Loss for the period	(58,126)	(21,560)	(79,686)

(11) RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

The following is the balances and transactions with related parties in the interim statement of financial position and interim statement of income:

	31 March 2021	31 March 2020
	JD	JD
	(Unaudited)	(Unaudited)
Statement of Income items:		
Bank interest revenue**	-	29,060
Social Security contribution – company's share	718	2,482
Salaries and wages of executives	5,431	8,918
Board of directors transportation allowance	13,500	13,500
Travel and transportation expenses	1,235	1,115
Board of directors remuneration	1,500	3,150

* Member in the Board of Directors.

** Bank interest revenue represents revenues on bank deposits at banks who are Board of Directors.

(12) IMPACT OF CORONAVIRUS OUTBREAK (COVID-19) ON THE COMPANY

Coronavirus outbreak has impacted the global macroeconomy and caused significant disruption in the global economy and different business sectors. Accordingly, services sector and related industries have been affected by mass business closures, large-scale quarantines, and other government procedures.

In March 2020, the World Health Organization (WHO) classified the spread of Covid-19 as an epidemic, that had an impact on the global economy and disrupted global markets. This has had a significant impact on the tourism sector operated by the company's associate as a result of the limitation on travel, quarantine for passengers, cancellation of conferences and decline in passenger bookings in order to combat the spread of Coronavirus.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the Coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of approval of these financial statements. These developments could impact the company's future financial results, cash flows and financial condition. According to the information available to date on these interim financial statements, the Company's management believe that the Covid-19 effect is as follows:

- The Company recorded expected credit losses provision amounting to of JD 114,292 during the period ended 31 March 2021.
- The Company recorded a loss from the associate of JD 63,564 for the period ended 31 March 2021 as a result of the decline in hotel occupancy rates as a result of the economic conditions on the tourism sector.