

DARAT JORDAN HOLDINGS COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022



ERNST & YOUNG JORDAN
P.O. Box 1140
Building No. 300
King Abdullah Street
Amman 11118
Hashemite Kingdom of Jordan

Tel: +962 6 552 6111
+962 6 552 7666
Fax: +962 6 553 8300
amman@jo.ey.com
ey.com
C.C.R. No. 101

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Darat Jordan Holdings Company
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Darat Jordan Holdings - Public Shareholding Company (the Company) and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue recognition	Audit procedures
<p>Revenues recognized for the year ended 31 December 2022 amounted to JD 100,000. We focus on revenue recognition as it is an important determinant of the Group’s performance and profitability. In addition, there is a risk of improper revenue recognition, particularly with regards to revenue recognition in the correct reporting period.</p>	<p>Our audit procedures included considering the appropriateness of the Group’s revenue recognition accounting policies and assessing compliance with the policies in terms of applicable International Financial Reporting Standards. Furthermore, since the Group has a limited number of sales transactions, we have obtained the full list of sales transactions during the year, substantiated to supporting documents, and tested proper recording and recognition.</p> <p>Refer to note 6 to the consolidated financial statements for significant accounting policies and significant judgements and estimates applicable to revenue account.</p>



Other information included in The Group's 2022 Annual Report

Other information consists of the information included in the Group's 2022 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts, which are in agreement with the consolidated financial statements.

The partner in charge of the audit resulting in this auditor's report was Ali Hasan Samara; license number 503.

Amman – Jordan
15 March 2023

ERNST & YOUNG
Amman - Jordan

DARAT JORDAN HOLDINGS - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 JD	2021 JD
<u>ASSETS</u>			
Non-Current Assets			
Properties and equipment	7	4,049	8,214
Investments in land	8	2,581,749	2,581,749
Investment properties	9	1,203,582	-
Properties under development	10	875,790	2,170,027
Investments in associates	11	2,903,508	3,112,939
Financial assets at amortized cost	12	359,105	139,160
Financial assets at fair value through other comprehensive income	14	704,415	735,400
Cheques under collection – Long term		70,500	94,000
		<u>8,702,698</u>	<u>8,841,489</u>
Current Assets			
Financial assets at amortized cost	12	-	71,000
Properties inventory	13	245,427	284,448
Financial assets at fair value through profit or loss	14	732,587	862,679
Trade receivables	16	131,037	137,060
Other current assets	15	158,553	151,359
Cheques under collection		37,500	23,500
Due from related parties	25	1,341	2,715
Cash and bank balances	17	1,583,207	1,451,628
		<u>2,889,652</u>	<u>2,984,389</u>
Total Assets		<u><u>11,592,350</u></u>	<u><u>11,825,878</u></u>
<u>EQUITY AND LIABILITIES</u>			
Equity-			
Paid in capital	1, 18	10,250,000	10,250,000
Statutory reserve	18	241,273	227,709
Retained earnings		924,116	1,231,482
Net Equity		<u>11,415,389</u>	<u>11,709,191</u>
Liabilities-			
Current Liabilities			
Trade payables and other current liabilities	19	74,180	61,145
Dividends payable		102,093	44,513
Due to related parties	25	688	11,029
Total Liabilities		<u>176,961</u>	<u>116,687</u>
Total Equity and Liabilities		<u><u>11,592,350</u></u>	<u><u>11,825,878</u></u>

The accompanying notes from 1 to 31 are part of these consolidated financial statements

DARAT JORDAN HOLDINGS - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 JD	2021 JD
Reef Amman project sales revenue		60,000	315,308
Residential apartments' sales revenue		40,000	40,000
Reef Amman cost of sales	10	(86,050)	(306,561)
Residential apartments' cost of sales	13	(43,826)	(36,202)
Operating (loss) profit		(29,876)	12,545
Depreciation of properties and equipment	7,9	(9,644)	(5,490)
Gain on financial assets at fair value through profit or loss	20	45,392	191,555
Administrative expenses	21	(308,189)	(304,868)
Interest income		91,419	80,414
Hanger rental income		12,148	-
Other income	22	24,365	40,109
Foreign exchange losses		(31,595)	-
Group's share of profit from associates	11	341,620	1,102,075
Profit before tax		135,640	1,116,340
Income Tax expense	24	(19,442)	(14,382)
Profit after tax		116,198	1,101,958
Add: Other comprehensive income items		-	-
Total comprehensive income for the year		116,198	1,101,958
		<u>JD / Fils</u>	<u>JD / Fils</u>
Basic and diluted earnings per share of profit for the year	23	<u>0/011</u>	<u>0/108</u>

The accompanying notes from 1 to 31 are part of these consolidated financial statements

DARAT JORDAN HOLDINGS - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Paid in capital	Statutory reserve	Retained earnings		Total	Total
			Realized profit	Unrealized profit (losses)		
	JD	JD	JD	JD	JD	JD
For the year ended 31 December 2022 -						
Balance at 1 January 2022	10,250,000	227,709	1,212,365	19,117	1,231,482	11,709,191
Total comprehensive income for the year	-	-	143,037	(26,839)	116,198	116,198
Transfer to statutory reserve	-	13,564	(13,564)	-	(13,564)	-
Dividends (note 18)	-	-	(410,000)	-	(410,000)	(410,000)
Balance at 31 December 2022	<u>10,250,000</u>	<u>241,273</u>	<u>931,838</u>	<u>(7,722)</u>	<u>924,116</u>	<u>11,415,389</u>
For the year ended 31 December 2021 -						
Balance at 1 January 2021	10,250,000	116,075	580,754	(32,096)	548,658	10,914,733
Total comprehensive income for the year	-	-	1,050,745	51,213	1,101,958	1,101,958
Transfer to statutory reserve	-	111,634	(111,634)	-	(111,634)	-
Dividends (note 18)	-	-	(307,500)	-	(307,500)	(307,500)
Balance at 31 December 2021	<u>10,250,000</u>	<u>227,709</u>	<u>1,212,365</u>	<u>19,117</u>	<u>1,231,482</u>	<u>11,709,191</u>

The accompanying notes from 1 to 31 are part of these consolidated financial statements

DARAT JORDAN HOLDINGS - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 JD	2021 JD
<u>OPERATING ACTIVITIES</u>			
Profit before tax		135,640	1,116,340
Adjustments:			
Depreciation	7,9	9,644	5,490
Interest income		(91,419)	(80,414)
Change in fair value of financial assets at fair value through profit or loss	20	26,839	(51,213)
Group share of profit from associates	11	(341,620)	(1,102,075)
Gain on sale of financial assets at fair value through profit or loss	20	10,237	(72,000)
Dividends income		(82,468)	(68,342)
Working capital changes:			
Cheques under collection		9,500	(98,418)
Trade receivables		6,023	(137,060)
Other current assets		(2,275)	219,257
Trade payables and other current liabilities		(6,407)	25,983
Dividends payable		57,580	11,227
Properties inventory		39,021	31,710
Net cash flows used in operating activities		(229,705)	(199,515)
<u>INVESTING ACTIVATES</u>			
Financial assets at fair value through other comprehensive income		30,985	(134,900)
Proceeds from sales of financial assets at fair value through profit or loss		218,514	88,899
Financial assets at fair value through profit or loss		(125,498)	(103,795)
Purchase of properties and equipment	7	(250)	(1,602)
Related parties balances		(8,967)	30,898
Bank deposits		101,626	175,155
Interest received		86,500	78,037
Investment in associates	11	(115,063)	-
Dividends from associates	11	666,114	345,192
Dividends income received		82,468	68,342
Properties under development		1,294,237	(76,857)
Financial assets at amortized cost		(148,945)	252,627
Investment properties		(1,208,811)	-
Net cash flows from investing activities		872,910	721,996
<u>FINANCE ACTIVATES</u>			
Dividends paid		(410,000)	(307,500)
Net cash flows used in finance activities		(410,000)	(307,500)
Net increase in cash and cash equivalents		233,205	214,981
Cash and cash equivalents at 1 January		329,935	114,954
Cash and cash equivalents at 31 December	17	563,140	329,935

The accompanying notes from 1 to 31 are part of these consolidated financial statements

DARAT JORDAN HOLDINGS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

(1) General

Darat Jordan Holdings Company was established as a public shareholding Company on 6 December 2007 with 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 as at 31 December 2021.

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 its subsidiaries and partially owned companies

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

The consolidated financial statements were approved by the Group Board of Directors at 12 March 2023.

(2) Basis of preparation

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

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through 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 consolidated financial statements.

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

(3) Basis of consolidation

The consolidated financial statements comprise the financial statements of Darat Jordan Holdings Company ("The Company") and its subsidiaries (referred to together as "the Group"):

Company name	Paid in capital JD	Principle activities	Ownership percentage		Legal form
			2022 %	2021 %	
Darat Al Reef Jordan Real estate Development 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 Company	10,000	Real Estate Services Financial and educational consultations	100	100	Limited Liability Company
Al Mashkah for Education Company	10,000	Real Estate Services	100	100	Limited Liability Company
Al Marsa Alamen for Real Estate Development Company	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

All of subsidiaries are registered in Jordan.

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.

When the Group owns less than a majority of the voting rights in an investee, in this case, the Group considers all factors and circumstances to determine whether it has control over the investee, which include the following:

- Contractual agreements with shareholders that have voting rights in the investee.
- Rights resulting from other contractual arrangements.
- The Group's current and future voting rights in the investee.

The Group reassesses its control over the investee when circumstances and factors exist that lead to the change in one or more of the three factors listed above.

Subsidiaries are fully consolidated from the date of acquisition being the date on which the Group gains control and continues to do so until the date when such control ceases. The subsidiaries revenues and expenses are consolidated in the consolidated statement of comprehensive income from the date the Group gains control over the subsidiaries until that control ceases.

Profits, losses, and all other comprehensive income items are attributed to the shareholders' equity of the parent Company, and to non-controlling interest, even if this leads to a deficit balance. If need arises, the subsidiaries' financial statements are adjusted accordingly to comply with the Group's accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of profit or loss and other comprehensive income
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(4) Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amounts and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Useful life of properties and equipment

The Group's management estimates the useful life for properties and equipment for the purpose of calculating depreciation by depending on the expected useful life of these assets. Management reviews the remaining book value and useful life annually. Future depreciation expense is adjusted if management believes that the remaining useful life of the assets differs from previous estimations.

(5) Changes in accounting policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021 except for the adoption of new amendments on the standards and amendments effective as of 1 January 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

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

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

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

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

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

(6) Significant accounting policies

The significant accounting policies adopted are as follows:

Properties and equipment

Properties and equipment are stated at cost, net of accumulated depreciation and any impairment value. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of comprehensive income.

Properties and equipment are depreciated when they become ready for use, on a straight-line basis over the estimated useful lives using the following rates:

	<u>%</u>
Tools and equipment	15
Furniture and fixtures	15
Vehicles	15
Computers and software	25

The book values of property and equipment are reviewed whether there is an indication of impairment or when the carrying values exceed the estimated recoverable amounts the carrying values decreased to reach the recoverable amounts and the impairment recorded in consolidated statement of comprehensive income.

The useful life and depreciation method are reviewed on a regular basis to ensure that that the depreciation method is in line with the expected economic benefits of the properties and equipment.

If carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The value of impairment is recorded in the consolidated statement of comprehensive income.

Investments in land

Investments in lands are stated at cost or net sellable value, whichever is less. Impairment on for investment in land is recorded in the consolidated statement of comprehensive income.

Properties under development

Properties under development include the cost of land, design, construction, and other direct costs. Properties under development are not depreciated until it is ready for use.

Investment properties

Investment properties are investments in land or buildings held to earn rentals or for capital appreciation, rather than land or buildings used for production or supply of goods and services or for the ordinary course of business administrative purposes.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's consolidated statement of comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of comprehensive income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as share of profit of an associate in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

Financial assets at amortized cost

Represents financial assets that the Group management intends to hold in order to collect the contractual cash flows, which consist of payments of principal and interest on the existing debt outstanding.

These assets are recognized upon purchase at cost plus acquisition expenses, the premium/discount is amortized using the effective interest method, net of any provision resulting from the impairment of the asset value resulting in the non-recoverability of the asset or part of the asset, and any impairment is credited to its value in the consolidated statement of comprehensive income. These assets are measured at amortized cost at the date of the consolidated financial statements.

The impairment of the financial asset at amortized cost is estimated through preparation of a study based on the historical experience of credit loss, taking into account the future factors of debtors and the economic environment.

The impairment is recorded as a provision for expected credit loss in the consolidated statement of comprehensive income and any reversal are recorded in the subsequent year as a result of the previous impairment of the financial assets in the consolidated statement of comprehensive income.

If any of these assets are sold before their due date, the profits or loss are recorded in the consolidated statement of comprehensive income

Financial assets at fair value through other comprehensive income

These assets are recorded at fair value added to its acquisition costs at date of purchase and reevaluated later to fair value. The change appears in fair value reserve in other comprehensive income under owners' equity. Including the change in fair value resulting from differences in the change from non-cash assets in foreign currency, and in the case of selling these assets or part of them, profit or loss resulting from the sale are recorded in the consolidated statement of comprehensive income and the balance of evaluation of assets is transferred directly to retained earnings. These assets are not subject to impairment losses.

Properties inventory

Property held for sale is classified as part of the Group's business and not for renting as real estate property and is measured at cost or net realized value whichever is less.

Costs include:

- Cost of lands.
- Construction costs paid to contractors.
- Borrowing, design, planning and site processing costs as well as professional fees for legal services, property transfer taxes and other direct and indirect construction costs.

Commissions paid to sales agents are recognized as an expense when paid.

Net realizable value represents the estimated selling price in the ordinary course of business of the Group based on market prices of the date of the consolidated financial statements discounted for the time value of money less costs to complete construction and estimated selling costs.

The cost of real estate inventory recorded in the consolidated statement of comprehensive income is determined based on the costs incurred on the property as well as the distribution of undisclosed costs based on the area of the units sold.

Financial assets at fair value through profit and loss

Financial assets, which are purchased with the aim of resale in the near future in order to generate profit from the short-term market prices fluctuation or the trading profit margins.

Financial instruments at fair value through profit or loss are initially measured at fair value, transaction costs are recorded in the consolidated statement of comprehensive income at the date of transaction. Subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the consolidated statement of comprehensive income. When these assets or portion of these assets are sold, the gain or loss arising is recorded in the consolidated statement of comprehensive income.

Dividend and interest income are recorded in the consolidated statement of comprehensive income.

Cash and bank balances

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

Trade payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be reliably measured.

Revenue and expense recognition

In accordance with IFRS (15), revenue recognized is measured based on the five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled from the sale of properties and rendering of services at a point of time when the property is delivered and the invoice is issued to the customer and the receipt and use of the properties and services provided by the Group.

Interest income is recognized using the accrual basis of accounting.

other income is recognized using the accrual basis of accounting.

Expenses are recognized on an accrual basis.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

Income tax

Income tax provision is calculated in accordance with the income tax law no. (34) of the year 2014 and its amendments, and in accordance with IAS 12, which requires the recording of deferred tax resulting from the difference between the carrying value and the taxable value of the assets and liabilities.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence to record allowance for expected credit loss on a financial asset or a group of financial assets.

Impairment is determined based on lifetime expected credit losses through establishing a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment is recognized as an allowance for expected credit loss in the consolidated statement of comprehensive income. If in a subsequent period, the amount of the impairment loss decreases, the income is recognized in the consolidated statement of comprehensive income.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated statement of financial position date, based on the rates declared by the Central Bank of Jordan.

Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items measured at fair value is recognized in the consolidated statement of comprehensive income.

Transaction differences for items of non-monetary financial assets and liabilities denominated in foreign currencies (like shares) are recognized as part of the change in fair value.

Fair Value

The Group values financial instruments, such as derivatives and non-financial assets, at fair value at the date of the consolidated financial statements.

The fair value represents the price that will be obtained when selling the assets or the amount that will be paid to transfer the commitment of the transaction arranged between the participants in the market on measurement date.

Fair value is measured on the assumption that asset sales or liability settlement is done through major assets and liabilities markets. In the absence of the primary market, the most suitable market will be used to trade the assets and liabilities.

The Group measures the fair value for the assets and liabilities using the market participant's assumptions for valuing assets and liabilities assuming that participants act according to their economic interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Group uses the following valuation techniques in setting the fair value of the financial instruments:

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of the fair value disclosure, the Group classifies the assets and liabilities according to its nature and the risks of the assets and liabilities, and the value of the fair value.

Contingent assets and liabilities

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed when the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefit is possible.

DARAT JORDAN HOLDINGS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

(7) Properties and equipment

	Tools and equipment	Furniture and fixtures	Vehicles	Computers and software	Total
	JD	JD	JD	JD	JD
2022-					
Cost:					
Balance at 1 January 2022	20,000	92,570	21,640	12,831	147,041
Additions	-	250	-	-	250
Balance as at 31 December 2022	<u>20,000</u>	<u>92,820</u>	<u>21,640</u>	<u>12,831</u>	<u>147,291</u>
Accumulated Depreciation:					
Balance at 1 January 2022	20,000	91,418	18,668	8,741	138,827
Depreciation for the year	-	1,402	2,700	313	4,415
Balance as at 31 December 2022	<u>20,000</u>	<u>92,820</u>	<u>21,368</u>	<u>9,054</u>	<u>143,242</u>
Net book value					
At 31 December 2022	<u>-</u>	<u>-</u>	<u>272</u>	<u>3,777</u>	<u>4,049</u>

DARAT JORDAN HOLDINGS COMPANY- PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

	Tools and equipment	Furniture and fixtures	Vehicles	Computers and software	Total
	JD	JD	JD	JD	JD
2021-					
Cost:					
Balance at 1 January 2021	20,000	92,220	21,640	11,579	145,439
Additions	-	350	-	1,252	1,602
Balance as at 31 December 2021	<u>20,000</u>	<u>92,570</u>	<u>21,640</u>	<u>12,831</u>	<u>147,041</u>
Accumulated Depreciation:					
Balance at 1 January 2021	20,000	89,487	15,422	8,428	133,337
Depreciation for the year	-	1,931	3,246	313	5,490
Balance as at 31 December 2021	<u>20,000</u>	<u>91,418</u>	<u>18,668</u>	<u>8,741</u>	<u>138,827</u>
Net book value					
At 31 December 2021	<u>-</u>	<u>1,152</u>	<u>2,972</u>	<u>4,090</u>	<u>8,214</u>

(8) Investment in land

This item represents lands owned by the Group's subsidiaries (Darat Al Reef Jordan Real Estate Development Company, Al Tanfezyoun Real Estate Development Company, Al Marsa Al Amen for Real Estate Development Company and al Hadas for Development and Investments Company) for the purpose of developing and selling of those lands. The movement in investments in lands during the year is as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance at 1 January	<u>2,581,749</u>	<u>2,581,749</u>
Balance at 31 December	<u><u>2,581,749</u></u>	<u><u>2,581,749</u></u>

The market fair value of these lands is higher than their book value of JD 2,581,749 according to land valuation reports performed by independent certified specialists.

(9) Investment properties

	<u>Hanager Al-aqaba</u>	<u>Total</u>
	project	Total
2022	JD	JD
Cost:		
Balance at 1 January 2022	-	-
Transfers from Properties under development (note 10)	<u>1,208,811</u>	<u>1,208,811</u>
Balance as at 31 December 2022	<u>1,208,811</u>	<u>1,208,811</u>
Accumulated Depreciation:		
Balance at 1 January 2022	-	-
Depreciation for the year	<u>5,229</u>	<u>5,229</u>
Balance as at 31 December 2022	<u>5,229</u>	<u>5,229</u>
Net book value as at 31 December 2022	<u><u>1,203,582</u></u>	<u><u>1,203,582</u></u>

DARAT JORDAN HOLDINGS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

(10) Properties under development

Movement on properties under development is as follows:

	Balance at 1 January 2022	Transferred to cost of sales	Transferred to investment properties	Balance at 31 December 2022
	JD	JD	JD	JD
Amman Reef Project	961,840	(86,050)	-	875,790
Aqaba Hangers Project	1,208,187	-	(1,208,811)	-
	<u>2,170,027</u>	<u>(86,050)</u>	<u>(1,208,811)</u>	<u>875,790</u>

(11) Investments in associates

	Country of incorporation	Percentage of ownership	Nature of activity	2022 JD	2021 JD
Jordan Cyprus for Logistic Services*	Jordan	40%	Logistics Services	-	287,265
Ajiad Investments Company	Jordan	32.88%	Commercial	2,903,508	2,825,674
				<u>2,903,508</u>	<u>3,112,939</u>

* Jordan Cyprus for Logistic Group recognized losses during the year 2022 that exceed the value of the investment, and therefore the group reduced the value of the investment by the entire amount of investment during the year 2022.

Movements on investments in associates is as follows:

	2022 JD	2021 JD
Balance at 1 January	3,112,939	2,356,056
Group's share of profit from associates	341,620	1,102,075
Dividends form associates	(666,114)	(345,192)
The Company's share of the capital increase of Ajiad Investments	115,063	-
Balance at 31 December	<u>2,903,508</u>	<u>3,112,939</u>

DARAT JORDAN HOLDINGS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

The following table summarizes the financial information of the Group's investment in associates:

	Jordan Cyprus for Logistic		Ajjad Investments		Total	
	Services		Company			
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Current assets	-	1,335,869	13,338,416	13,840,258	13,338,416	15,176,127
Non – current assets	-	105,787	5,116	26,549	5,116	132,336
Current liabilities	-	(595,369)	(5,571,780)	(6,331,810)	(5,571,750)	(6,927,179)
Net equity	-	846,287	7,771,752	7,534,997	7,771,782	8,381,284
Ownership percentage	40%	40%	32.88%	32.88%		
Group's share	-	287,265	2,555,002	2,477,167	2,555,002	2,764,433
Add: embedded goodwill	-	-	348,506	348,506	348,506	348,506
Book value of investment	-	287,265	2,903,508	2,825,673	2,903,508	3,112,939
Revenues	-	3,642,791	3,604,908	4,366,297	3,604,908	8,009,088
Operating expenses	-	(3,255,973)	-	-	-	(3,255,973)
Administrative expenses	-	(379,455)	(1,705,654)	(1,022,985)	(1,705,654)	(1,402,440)
Profit for the year	-	7,363	1,899,254	3,343,312	1,899,254	3,350,675
Group's share of (loss) profit from associates	(282,769)	2,945	624,389	1,099,130	341,620	1,102,075

(12) Financial assets at amortized cost

	2022		Total	
	Maturity within one year**	Maturity within more than one year*	2022	2021
	JD	JD	JD	JD
Bonds	-	359,105	359,105	210,160
	-	359,105	359,105	210,160

Bonds mature within one year:

This item represents investment in OTZL Holding with a nominal value of USD 980 (JD 696) per bond at 200 bonds as of 31 December 2022 (2021:200 bonds), with an annual interest rate of 6.625 % paid every six months. These Sukuk mature on 24 April 2028.

During the year ended 2022, the Company invested in bonds from Dar Al-arkan Company with a nominal value of USD 965 (JD 684) per bond at 200 bonds as of 31 December 2022 with an annual interest rate of 6.750 % paid every six months. The bonds mature on 15 February 2025.

DARAT JORDAN HOLDINGS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

During the year ended 2022, the Company invested in bonds from Barkleys bank with a nominal value of USD 959 (JD 680) per pond at 100 bonds as of 31 December 2022 with an annual interest rate of 5.750 % paid every six months. The bonds mature on 14 September 2026.

(13) Properties inventory

This item represents a building residential project – Swifieh. The Company sold one apartment in 2022 (2021: one apartment).

Movement in this account is as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance as of 1 January	284,448	316,158
Additions	4,805	4,492
Transferred to cost of sales	<u>(43,826)</u>	<u>(36,202)</u>
Balance as of 31 December	<u>245,427</u>	<u>284,448</u>

(14) Financial assets Fair Value

(14-1) Financial assets at fair value through profit or loss

	<u>2022</u>	<u>2021</u>
	JD	JD
Quoted shares in financial markets		
Local	513,775	472,907
Foreign	218,812	389,772
	<u>732,587</u>	<u>862,679</u>

(14-2) Financial assets at fair value through other comprehensive income

	<u>2022</u>	<u>2021</u>
	JD	JD
Investment in European Fund*	189,213	210,000
Investment in American Fund**	515,202	525,400
	<u>704,415</u>	<u>735,400</u>

* This item represents the Group's investment in shares of companies that manage real estate portfolios in United State of America and Europe through Invest Corp. The Group owns two and a half shares in each Company. The value of each share is EURO 100,000. The total investment value amounted to EURO 250,000 (JD 210,000) as at 31 December 2021. During the year ended 2022, the price of the EURO decreased to JD 189,213 as at December 31, 2022.

DARAT JORDAN HOLDINGS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

** This item represents the Group's investment in shares of a Company that manages investment units in long-term leasing of real estate in United State of America through Qatar First Bank and Invest Corp respectively. The Group owns 300 shares with a value of USD 1,000 per share for each portfolio, and accordingly, the total investment value amounting to USD 300,000 (JD 213,000). The Group also has investments through Invest Corp with a total amount of JD 302,202 as at 31 December 2022 (2021: JD 312,400).

(15) Other current assets

	<u>2022</u>	<u>2021</u>
	JD	JD
Income tax receivables	40,091	36,388
Employee receivables	26,793	29,465
Refundable cash margins on guarantees*	15,075	13,000
Accrued interest revenues	4,919	2,307
Prepaid expenses	5,967	7,507
Refundable deposits	3,500	4,760
Other debit balances	57,819	55,522
Others	4,389	2,410
	<u>158,553</u>	<u>151,359</u>

* This item represents cash margins held against letter of guarantees including an amount of JD 15,075 as cash deposits for Jordan Cyprus for Logistic Services Company (Associate). (2021: JD 13,000)

(16) Trade receivables

	<u>2022</u>	<u>2021</u>
	JD	JD
Trade receivables	<u>131,037</u>	<u>137,060</u>
	<u>131,037</u>	<u>137,060</u>

As at 31 December, the aging of receivables as follows:

	<u>Past due but not impaired</u>			<u>Total</u>
	<u>1-60</u>	<u>61-150</u>	<u>Over150</u>	
	Days	Days	Days	JD
	JD	JD	JD	JD
2022	6,000	9,000	116,037	131,037
2021	4,000	6,000	127,060	137,060

Trade receivables are expected, on the basis of past experience, to be fully recoverable and is secured by guarantees from the customers.

DARAT JORDAN HOLDINGS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

(17) Cash and bank balances

	<u>2022</u>	<u>2021</u>
	JD	JD
Cash on hand	8,106	8,681
Current accounts	555,034	321,254
Deposits*	<u>1,020,067</u>	<u>1,121,693</u>
	<u><u>1,583,207</u></u>	<u><u>1,451,628</u></u>

* This item represents short-term deposits in Jordanian Dinars with maturities of one year and bearing an annual interest rate of 4% (2021: between 4.5% and 5.625%).

Cash and cash equivalent shown in the consolidated statement of cash flows represent amounts in the consolidated statement of financial positions as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
Cash on hand and at banks	1,583,207	1,451,628
Less: deposits at banks maturing within three months to a year	<u>(1,020,067)</u>	<u>(1,121,693)</u>
Cash and cash equivalents	<u><u>563,140</u></u>	<u><u>329,935</u></u>

(18) Shareholder's equity

Paid in capital –

The Company's capital was decreased during the year 2019 in accordance with the decision of the extraordinary general assembly meeting held on 15 June 2019, as mentioned in note (1), and accordingly, the Company's subscribed and paid-in capital became JD 10,250,000 distributed over 10,250,000 shares with a nominal value of JD 1 per share.

Statutory reserve –

This amount represents transfers at 10% of net income before tax as required by the Jordanian Companies Law. This reserve is not available for distribution to shareholders.

Dividend distribution –

In its ordinary meeting held on 6 April 2022, the General Assembly approved the Board of Directors' proposal for the dividend's distribution to the Shareholders amounting to JD 410,000 representing 4% of the paid capital of JD 10,250,000. (2021: JD 307,500).

DARAT JORDAN HOLDINGS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

(19) Trade and other current liabilities

	<u>2022</u>	<u>2021</u>
	JD	JD
Trade payables	12,642	5,643
Board of Directors' remuneration provision	-	25,000
Income tax provision (Note 24)	33,139	14,382
Contractors' retention payable	-	12,351
Due to social security	1,955	1,876
Deferred revenues	24,295	-
Other	2,149	1,893
	<u>74,180</u>	<u>61,145</u>

(20) Gain on financial assets at fair value through profit or loss

	<u>2022</u>	<u>2021</u>
	JD	JD
Change in fair value	(26,839)	51,213
Dividend's income	82,468	68,342
(Loss) gain on sale of financial assets	(10,237)	72,000
	<u>45,392</u>	<u>191,555</u>

(21) Administrative expense

	<u>2022</u>	<u>2021</u>
	JD	JD
Salaries and wages	143,265	133,506
Board of Directors remuneration	-	25,000
Professional and consultants' fees	23,760	22,168
Group's contribution in social security	15,375	14,747
Farms' services expenses	29,038	31,621
Insurance	16,385	16,395
Short term rent	13,401	12,401
Travel and transportation expenses	12,000	12,000
Subscriptions	8,695	9,256
Vehicles expenses	1,448	3,767
Listing fees	5,000	5,000
Bank charges and brokerage fees	10,638	4,387
Water and electricity	3,159	2,586
General assembly meeting expenses	1,256	1,176
Mail, telephone and internet	1,150	2,356
Cleaning and hospitality fees	1,101	818
Maintenance and security expenses	323	1,761
Registration and license fees	5,577	786
Governmental expenses	420	420
Other	16,198	4,717
	<u>308,189</u>	<u>304,868</u>

DARAT JORDAN HOLDINGS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

(22) Other income

	<u>2022</u> JD	<u>2021</u> JD
Security and Protection	23,203	40,109
Others	1,162	-
	<u>24,365</u>	<u>40,109</u>

(23) Earnings Per share

	<u>2022</u>	<u>2021</u>
Profit for the year (JD)	116,198	1,101,958
Weighted average number of shares during the year (share)	<u>10,250,000</u>	<u>10,250,000</u>
	<u>JD / Fils</u>	<u>JD / Fils</u>
Basic and diluted earnings per share for the year	<u>0/011</u>	<u>0/108</u>

(24) Income tax

Darat Jordan Holdings Company:

The income tax provision for the Company was calculated for the year ended at 31 on December 2022 in accordance with Income Tax Law No. (34) of 2014 and its amendments.

The Company is subject to income tax rate of 20% in addition to 1% for National Contribution in accordance with the Income Tax Law No. (34) and its amendments.

The Company submitted its annual income tax returns for the year 2021 and the Income and Sale Tax Department has not reviewed these tax returns up to the date of these consolidated financial statements. The Company obtained a final settlement with the Income and Sales Tax Department up to the year 2020.

Below is the reconciliation between the accounting profit and taxable profit for Darat Jordan Holdings Company:

	<u>2022</u> JD	<u>2021</u> JD
Accounting profit for Darat Jordan Holdings Company	135,640	1,116,340
Less: Net non-taxable revenues and losses	(404,141)	(1,292,775)
Add: Subsidiaries losses	175,921	244,917
Taxable income	<u>92,580</u>	<u>68,482</u>
Income Tax	18,516	13,697
National Contribution	926	685
Effective income tax rate	21%	21%
Statutory income tax rate	20%	20%
National Contribution rate	1%	1%

Subsidiaries:

No income tax provision was calculated on the results of the operations of the subsidiaries for the years ended 31 December 2022 and 2021 in accordance with Income Tax Law No. (34) of 2014 and its amendments, as the presence of accepted expenses exceeded the taxable income.

Jordanian European Real Estate Management Company:

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2018 in addition to the year ended 2020. The Company submitted its annual income tax returns for the years 2019 and 2021 and the Income and Sale Tax Department has not reviewed this tax return up to the date of these consolidated financial statements.

Al Tanfezeyoun for real estate development:

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2020. The Company submitted its annual income tax returns for the year 2021 and the Income and Sale Tax Department has not reviewed this tax return up to the date of these consolidated financial statements.

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. The Company submitted its annual income tax returns for the year 2021 and the Income and Sale Tax Department has not reviewed this tax return up to the date of these consolidated financial statements.

Al Mashkah for Education Company:

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2020. The Company submitted its annual income tax returns for the year 2021 and the Income and Sale Tax Department has not reviewed this tax return up to the date of these consolidated financial statements.

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. The Company submitted its annual income tax returns for the year 2021 and the Income and Sale Tax Department has not reviewed this tax return up to the date of these consolidated financial statements.

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 years 2019, 2020 and 2021 and the Income and Sale Tax Department has not reviewed these tax returns up to the date of these consolidated financial statements.

(25) Related party transactions

Related parties represent associated Companies, major shareholders, Board of 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.

Summary of balances and transactions with related parties that were shown in the consolidated financial statements are as follows:

Consolidated statement of financial position items:

	<u>2022</u>	<u>2021</u>
	JD	JD
Due from related parties		
Al Salam Security Company (Subsidiary of an associate)	-	1,872
Ajiad Investment Company (associate)	1,341	843
	<u>1,341</u>	<u>2,715</u>
	<u>2022</u>	<u>2021</u>
	JD	JD
Due from related parties		
Jordan Cyprus for Logistic Services Company (Associate)	688	11,029
	<u>688</u>	<u>11,029</u>

Consolidated statement of comprehensive income items:

Compensation of key management personnel:

	<u>2022</u>	<u>2021</u>
	JD	JD
Salaries and other benefits	94,556	87,244

(26) Fair value

Fair value of financial instruments

The following table shows the fair value of financial instruments that are not measured at fair value on an ongoing basis as of 31 December 2022 and 2021:

	<u>Book value</u>		<u>Fair value</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	JD	JD	JD	JD
Financial assets at amortized cost	359,105	210,160	359,105	210,160
Other current assets	158,553	151,359	158,553	151,359
Due from related parties	1,341	2,715	1,341	2,715
Trade Receivables	131,037	137,060	131,037	137,060
Cheques under collection	37,500	117,500	37,500	117,500
Cash and bank balances	1,583,207	1,451,628	1,583,207	1,451,628
	<u>2,270,743</u>	<u>2,070,422</u>	<u>2,270,743</u>	<u>2,070,422</u>
<u>Financial Liability</u>				
Due to related parties	688	11,029	688	11,029
Trade and other current liabilities	74,180	101,745	74,180	101,745

DARAT JORDAN HOLDINGS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

The fair values of the financial assets and financial liabilities are shown according to the values at which the exchanges could take place between relevant parties, with the exception of forced sales or liquidation.

The fair value of financial instruments is not materially different from the carrying value of these instruments.

Fair value measurement

The Group uses the following methods and alternatives of valuating and presenting the fair value of financial instruments:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the Group's financial investments fair value measurement on outgoing basis based on its hierarchy:

	Level 1	Level 2	Total
	JD	JD	JD
2022 -			
Financial assets			
Financial assets of fair value through profit or loss	732,587	-	732,587
Financial assets of fair value through other comprehensive income	-	704,415	704,415
2021 -			
Financial assets			
Financial assets of fair value through profit or loss	862,679	-	862,679
Financial assets of fair value through other comprehensive income	-	735,400	735,400

DARAT JORDAN HOLDINGS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

(27) Segment information

Business segments information

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

Land development – represented by purchases of land for the purpose of development and sale.

Investments - represented by investments in stocks and investments in associates.

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

	Land Development JD	Investments JD	Other JD	Total JD
2022 -				
Segment revenues	112,148	45,392	115,784	273,324
Cost of sales	(129,875)	-	-	(129,875)
Group's share of profit from associates	-	341,620	-	341,620
Depreciation	-	-	(9,644)	(9,644)
Other expenses	-	-	(339,785)	(339,785)
Profit (loss) for the year before tax	(17,727)	387,012	(233,645)	135,640
Assets and liabilities				
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
2021 -				
Segment revenues	355,308	191,555	120,523	667,386
Cost of sales	(342,763)	-	-	(342,763)
Group's share of profit from associates	-	1,102,075	-	1,102,075
Depreciation	-	-	(5,490)	(5,490)
Other expenses	-	-	(304,868)	(304,868)
Profit (loss) for the year before tax	12,545	1,293,630	(189,835)	1,116,340
Assets and liabilities				
Segment assets	5,036,224	1,598,079	2,078,636	8,712,939
Investments in associates	-	3,112,939	-	3,112,939
Segment liabilities	-	-	(116,687)	(116,687)
Net assets	5,036,224	4,711,018	1,961,949	11,709,191

(28) Risk management

Interest rate risk

Interest rate risk is the risk that results from the changes in market value or future cash flows of financial instruments as a result of changes in interest rate.

The Group is exposed to interest rate risk on its interest-bearing assets and liabilities such as bank deposits.

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

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

2022-	<i>Increase in interest rate</i>	<i>Effect on profit for the year</i>
	<u>(Basis Points)</u>	<u>JD</u>
Currency		
JD	100	10,201
	<i>Decrease in interest rate</i>	<i>Effect on profit for the year</i>
	<u>(Basis Points)</u>	<u>JD</u>
Currency		
JD	(100)	(10,201)
2021-	<i>Increase in interest rate</i>	<i>Effect on profit for the year</i>
	<u>(Basis Points)</u>	<u>JD</u>
Currency		
JD	100	11,217
	<i>Decrease in interest rate</i>	<i>Effect on profit for the year</i>
	<u>(Basis Points)</u>	<u>JD</u>
Currency		
JD	(100)	(11,217)

Changes in equity price risk

The following table demonstrate the sensitivity of the Group's consolidated statement of comprehensive income (for financial assets at fair value through profit or loss) and cumulative changes in fair value (for financial assets at fair value through other comprehensive income) to reasonably possible changes in equity prices, with all other variables held constant:

2022-	Change in Index	Effect on profit for the year
	%	JD
Amman stock exchange	10	51,378
Foreign stock exchange	10	21,827
	Change in Index	Effect on profit for the year
	%	JD
2021-		
Amman stock exchange	10	47,291
Foreign stock exchange	10	38,977

The effect of decrease in prices with the same percentages is expected to be equal and opposite to the effect of the increase shown above.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group believes that it is not significantly exposed to credit risk since the Group seeks to limit credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

Liquidity risk

Liquidity risk is represented by the possibility that the Group may not be able to meet its liabilities when due.

The Group manages its liquidity risk by ensuring the availability of bank facilities.

Financial liabilities are due within one year from the date of the consolidated financial statements.

Currency risk

Most of the Group's transactions are in Jordanian Dinars and U.S. Dollars. The Jordanian Dinar is fixed against the U.S Dollar (USD 1.41 for each Jordanian Dinar).

(29) Contingent liabilities

	<u>2022</u> JD	<u>2021</u> JD
Letters of guarantees*	<u>60,752</u>	<u>40,000</u>

* Cash margins held against letter of guarantees amounted to JD 15,075 as at 31 December 2022 (2021: 13,000 JD) (Note 15).

(30) Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. The Company did not make any change on policies and objectives related to capital restructuring during the current year and previous years.

Capital comprises paid in capital, statutory reserve and retained earnings amounting to JD 11,415,389 as at 31 December 2022 (2021: JD 11,709,191).

(31) Standards issued but not yet effective

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.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

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

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on 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 effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on 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 to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

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 effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.