Al Tajmouat For Touristic Projects Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Consolidated financial statements
and independent auditor's report
for the year ended December 31, 2023

Al Tajmouat For Touristic Projects Company
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Index

105181452

Independent Auditor's Report

To Messrs. Shareholders
Al Tajmouat For Touristic Projects Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Al Tajmouat For Touristic Projects Company (Public Shareholding Company)**, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 consolidated financial position of the Company as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the consolidated Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other Matter

The opening balance were audited by another certified public accountant who issued unqualified opinion on March 29, 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investment property	Scope of audit
According to the requirements of International Financial Reporting Standards, investment property is initially measured at cost including transaction costs, and a test for impairment is made for the investment property in the consolidated statement of financial position when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication of impairment exits, impairment loss is calculated according to the assets impairment policy.	Audit procedures that we have conducted among other matters included getting an appraisal from real estate experts in order to help us determine the market value of the investment property as at the date of consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing (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 International Standard on Auditing, 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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 group consolidated financial statement. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

The Company has proper accounting records which are, in all material respects, consistent with the accompanying consolidated financial statements, accordingly, we recommend to approve these consolidated financial statements by the general assembly.

طلال أبوغزاله وشركاه الدولية
Talal Abu-Ghazaleh & Co. Intl.

Talal Abu-Ghazaleh & Co. International

Mohammad Al-Azraq
(License # 1000)

Amman March 28, 2024

Al Tajmouat For Touristic Projects Company
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Consolidated statement of financial position as at December 31, 2023

	Note	2023	2022
ASSETS		JD	JD
Non-current Assets			
Investment properties	3	112,616,060	115,779,588
Property and equipment	4	19,499	11,178
Checks under collectioan		110,740	176,410
Total Non-Current Assets		112,746,299	115,967,176
Current Assets			
Assets held for sale	5	135,966	135,966
Other debit balances	6	669,716	961,651
Trade receivables	7	4,788,144	4,101,256
Accounts at banks	8	7,037,651	5,584,220
Total Current Assets		12,631,477	10,783,093
TOTAL ASSETS		125,377,776	126,750,269
EQUITY AND LIABILITIES			
Equity			
Capital		93,000,000	93,000,000
Statutory reserve	9	2,585,084	2,308,411
Retained earnings		13,363,322	11,130,629
Total Equity		108,948,406	106,439,040
Liabilities			
Non -Current Liabilities			
Syndicated loan-long term	10	10,522,846	14,597,546
Unearned revenue-long term		64,258	251,095
Tenants' refundable deposits		781,623	751,618
Total Non-Current Liabilities		11,368,727	15,600,259
Current Liabilities			
Due to a related party	11	2,260	2,260
Unearned revenue		4,030,854	3,609,134
Other credit balances	12	662,797	539,959
Trade payables		364,732	559,617
Total Current Liabilities		5,060,643	4,710,970
Total Liabilities		16,429,370	20,311,229
TOTAL LIABILITIES AND EQUITY		125,377,776	126,750,269

The accompanying notes form part of these Consolidated financial statements

Consolidated statement of comprehensive income for the year ended December 31, 2023

	Notes	2023	2022
		JD	JD
Rental revenues		11,487,740	10,999,007
Cost of revenues	13	(3,554,996)	(3,373,899)
Depreciation of investment properties	3	(3,226,185)	(3,223,883)
Gross profit		**4,706,559**	**4,401,225**
Other revenues	14	263,713	228,711
Recovery of expected credit losses allowance		132,237	150,085
Administrative expenses	15	(903,006)	(728,392)
Expected credit losses		(271,122)	(360,593)
Finance costs		(1,163,419)	(1,318,292)
Profit before income tax and national contribution		**2,764,962**	**2,372,744**
Income tax expense		(218,829)	(138,941)
National contribution expense		(36,767)	(26,029)
Comprehensive income		**2,509,366**	**2,207,774**
Basic profit per share		JD -\027	JD -\024

Al Tajmouat For Touristic Projects Company
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Consolidated statement of changes in equity for the year ended December 31, 2023

	Capital	Statutory reserve	Retained earnings	Total
	JD	JD	JD	JD
Balance as at January 1, 2022	93,000,000	2,071,137	9,160,129	104,231,266
Comprehensive income	-	-	2,207,774	2,207,774
Statutory reserve	-	237,274	(237,274)	-
Balance as at December 31, 2022	93,000,000	2,308,411	11,130,629	106,439,040
Comprehensive income	-	-	2,509,366	2,509,366
Statutory reserve	-	276,673	(276,673)	-
Balance as at December 31, 2023	93,000,000	2,585,084	13,363,322	108,948,406

The accompanying notes form part of these Consolidated financial statements

Al Tajmouat For Touristic Projects Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Consolidated statement of cash flows for the year ended December 31, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES	JD	JD
Profit before income tax and national contribution	2,764,962	2,372,744
Adjustments for :		
Depreciation of investment properties	3,226,185	3,223,883
Depreciation	7,963	7,016
Profit from sale of property and equipment	(9,084)	-
Bank iterest income	(236,991)	(153,694)
Finance cost	1,163,419	1,318,292
Expected credit losses	271,122	360,593
Recovery of expected credit losses allowance	(132,237)	(150,085)
Change in operating assets and liabilities:		
Cheques under collection	408,282	(1,056,724)
Other debit balances	291,935	289,875
Trade receivables	(1,168,385)	2,002,371
Unearned revenues	234,883	(84,158)
Other credit balances	607	(225,930)
Trade payables	(194,885)	244,333
	6,627,776	8,148,516
Taxes paid	(90,698)	(181,303)
National contribution deposits paid	(20,444)	(38,622)
Net cash from operating activities	**6,516,634**	**7,928,591**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	236,991	153,694
Purchases of investment properties	(62,657)	(54,547)
Purchase of property and equipment	(16,730)	(1,679)
Proceeds from sale of property and equipment	9,530	-
Tenants' refundable deposits	30,005	(35,668)
Net cash from investing activities	**197,139**	**61,800**
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing costs paid	(1,185,642)	(1,346,427)
Loan	(4,074,700)	(5,821,000)
Due to a related party	-	(2,320)
Net cash from financing activities	**(5,260,342)**	**(7,169,747)**
Net change in cash and cash equivalents	**1,453,431**	**820,644**
Cash and cash equivalents - beginning of year	5,584,220	4,763,576
Cash and cash equivalents - end of year	**7,037,651**	**5,584,220**

The accompanying notes form part of these Consolidated financial statements

1. Legal status and activities

- Legal status and activity for the parent company and its subsidiary as follows:

Company's Name	Legal status	Record date at the Ministry of Industry and Trade	Record number	The main objectives of the company
Al Tajmouat For Touristic Projects Company	Public shareholding company	June 6, 1983	183	Owning, Managing and operation mails, the company owns the Taj Lifestyle center mall
Al Taj Al Thahabi For Alternative Power	Limited liability	February 25, 2019	53789	Investing in alternative energy projects, distributing them,buying, selling and exchanging alternative energy in the Kingdom and abroad

- The financial statements were approved by the Board of Directors at its meeting held on March 27, 2024, and require approval by the General Assembly of Shareholders.

2. Basis for preparation of consolidated financial statements and significant accountant policies

2-1 Basis for consolidated financial statement preparation

- Consolidated financial statements preparation framework

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

- Measurement bases used in preparing the consolidated financial statements

The consolidated financial statements have been prepared on the historical cost basis except for measurement of certain items at bases other than historical cost.

- Functional and presentation currency

The consolidated financial statements have been presented in Jordanian Dinar (JD) which is the functional currency of the entity.

2-2 Using of estimates

- When preparing of consolidated financial statements, management uses judgments, assessments and assumptions that affect applying the accounting policies and currying amounts of assets, liabilities, revenue and expenses. Actual result may differ from these estimates.
- Change in estimates are reviewed on a constant basis and shall be recognized in the period of the change, and future periods if the change affects them.
- For example, estimates may be required for expected credit losses, useful lives of depreciable assets, provisions, and any legal cases against the entity.

2-3 Standards and Interpretations issued that became effective

Standard number or interpretation	Description	Effective date
IFRS (17) Insurance Contracts	IFRS (17) was issued in May 2017 as replacement for IFRS (4) Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of: • discounted probability-weighted cash flows • an explicit risk adjustment, and • A contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.	January 1,2023 (deferred from January 1,2021)
Amendments to IAS (1) and IFRS Practice Statement 2	The amendments to IAS (1) require entities to disclose their material rather than their significant accounting policies.	January 1, 2023.
Amendments to IAS (8)	The amendment to IAS (8) Accounting Policies, Changes in Accounting Estimates and Errors The distinction between accounting policies and changes in accounting estimates is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	January 1, 2023.
Amendments to IAS (12)	The amendments introduce an exception to the requirements in the standard that an entity does not recognize and does not disclose information about deferred tax assets and liabilities, an entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments	January 1,2023

Standards and Interpretations issued but not yet effective

Standard number or interpretation	Description	Effective date
IFRS (16) Leases	The amendment clarifies how a seller – lessee subsequently measures sale and lease back transaction.	January 1,2024
Amendments to IAS (1)	The amendments to Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date.	January 1, 2024 (Deferred from January 1, 2022).
Amendments to IAS 7 and IFRS7 regarding supplier finance arrangements	Amendments require entities to provide qualitative and quantitative information about supplier finance arrangements.	January 1,2024

2-4 Summary of significant accounting policies

- Basis of consolidation

  - The consolidated financial statements comprise the financial statements of the parent company and Rawat Ammoun Tourism Investments Co. (subsidiary) which is 100% controlled by the company.
  - Control is presumed to exist when the parent is exposed, or has rights, to variable returns from its involvement through its power over the investee, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.
  - Intergroup balances, transactions, income and expenses shall be eliminated in full.

- Investment property

  - Investment property is property (land or building- or part of a building- or both):
    - Held by the entity to earn rentals,
    - For capital appreciation,

    Or both, rather than for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.
  - Investment property is measured initially at its cost, including transaction costs.
  - After initial recognition, investment property is carried, in the statement of financial position, at its cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.
  - Buildings depreciation charge for each period is recognized in the statement of comprehensive income. Depreciation is calculated on a straight line basis, which reflects the pattern in which the buildings' future economic benefits are expected to be consumed by the following percentages:

Category	Depreciation rate
	%
Constructions works	2
Electromechanical works	4
Out door works	7
Furniture and fixture	15

- The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
- The carrying values of investments property are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
- On the subsequent derecognition (sale or retirement) of the investment property, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

- Property and equipment

- Property and equipment are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.
- After initial recognition, the property and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.
- The depreciation charge for each period is recognized as expense. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed over the estimated useful life of the assets using the following rates:

Category	Depreciation rate
	%
Computers	25
Furniture and fixture	10
Vehicles	15

- The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
- The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
- On the subsequent derecognition (sale or retirement) of the property and equipment, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

- Impairment of non-financial assets

- At each statement of financial position date, management reviews the carrying amounts of its non-financial assets (property, plant and equipment and investment property) to determine whether there is any indication that those assets have been impaired.
- If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset.
- For the purpose of impairment valuation, assets are grouped at the lower level that have cash flow independently (cash generating unit), previous impairment for non-financial assets (excluding goodwill) is reviewed for the possibility of reversal at the date of the financial statements.

- An impairment loss is recognized immediately as loss.
- Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately as income.

- **Provisions**

- Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date.
- Provisions reviewed and adjusted at each statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income.
- If the entity expected to be reimbursed for a part or full provision, the reimbursement shall be recognized within assets, when it is virtually certain and its value can be measured reliably.
- In the statement of comprehensive income, the expense relating to a provision may be presented net of the amount recognized for reimbursement.
- Where the effect of the time value of money is material, provisions are discounted by using a currently pre-tax discount rate that reflect the risks specific to the liability, when using discount any increase in provision is recognized as a financial cost over time.

- **Related parties**

- Transactions with related parties represent transfer of resources, services, or obligations between related parties.
- Terms and conditions relating to related party transactions are approved by management.

- **Financial instruments**

Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

- **Financial assets**

- A financial asset is any asset that is:
  (a) Cash;
  (b) An equity instrument of another entity;
  (c) A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.
  (d) A contract that will or may be settled in the entity's own equity instruments.

- **Financial liabilities**

- A financial liability is any liability that is:
  (a) A contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
  (b) A contract that will or may be settled in the entity's own equity instruments.
- Financial liabilities are initially recognized at fair value less transaction costs, directly attributable to the acquisition or issue of those liabilities, except for the financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.
- After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss which are measured at fair value and other determined financial liabilities which are not measured under amortized cost method.
- Financial liabilities at fair value through profit or loss are stated at fair value, with any resulting gain or loss from change in fair value is recognized through profit or loss.

- **Trade payables and accruals**

Trade payables and accruals are liabilities to pay for goods or services that have been received or supplied and have been either invoiced or formally agreed with the suppliers or not.

- **Offsetting financial instruments**

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when, and only when, an entity currently has a legally enforceable right to set off amounts and intends to either settle in a net basis, or through realize the asset and settle the liability simultaneously.

- **Cash and cash equivalents**

Cash comprises cash on hand, current accounts and short term deposits at banks with a maturity date of three months or less, which are subject to an insignificant risk of changes in value.

- **Trade receivables**

  - Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
  - Trade receivables are stated at invoices (claims) amount net of allowance for expected credit losses which represents the collective impairment of receivables.

- **Revenue recognition**

  - The entity recognize revenue from sale of good and rendering of service when control is transferred to the customer.
  - Revenues are recognized based on consideration specified in contract with customer that expected to be received excluding amounts collected on behalf of third parties.
  - Revenue is reduced for amount of any trade discounts and volume rebates allowed by the entity.

- **Leases contracts**

The entity assesses at the commencement date of the lease agreement whether the contract is a lease or includes a lease agreement. And if the contract is in whole or in part transfer the right to control the use of a specific asset from one party to another for a specified period of time in exchange for a consideration, the entity recognizes the right-of- use assets and lease liability with the exception of low value and for short term leases (i.e. those with a lease term of 12 months or less) in which the entity recognizes the lease payments as operating expenses on either a straight-line basis over the lease term or another systematic basis is more representative of the time period to depreciate the economic benefits of the leased assets.

- **The entity as a lessor**

  - Amounts due from lessees under finance leases are recognized as receivables at the amount of the entity's net investment in the leases. Finance lease income is recognized based on a pattern reflecting a constant periodic rate of return on the entity's net investment outstanding in respect of the leases.
  - Initial direct costs incurred in negotiating and arranging a finance lease by the entity are included in the initial recognition of the finance lease receivable and reduce the amount of income recognized on a straight-line basis over the lease term.

Dividend and interest revenue

- Dividend revenue from investments is recognized when the shareholder's right to receive payment is established.
- Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

- **Borrowing costs**

  - Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.
  - Borrowing costs are expensed in the period in which they are incurred.

- **Income tax**

  Income tax is calculated in accordance with laws and regulations applicable in Jordan

- **Contingent liabilities**

  - Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably.
  - Contingent liabilities are not recognized in the financial statements.

3. Investment properties

	Lands	Constructions works	Electro-mechanical works	Outdoor works	Furniture and fixtures	Total
2023	JD	JD	JD	JD	JD	JD
Cost						
Balance - beginning of year	31,703,645	80,506,685	36,152,035	2,239,014	709,801	151,311,180
Additions	-	-	62,657	-	-	62,657
Balance - end of year	31,703,645	80,506,685	36,214,692	2,239,014	709,801	151,373,837
Accumulated depreciation						
Balance - beginning of year	-	17,458,261	15,782,737	1,631,942	658,652	35,531,592
Depreciation	-	1,610,132	1,444,066	156,729	15,258	3,226,185
Balance - end of year	-	19,068,393	17,226,803	1,788,671	673,910	38,757,777
Net	31,703,645	61,438,292	18,987,889	450,343	35,891	112,616,060
2022						
Cost						
Balance - beginning of year	31,703,645	80,506,685	36,135,155	2,239,014	672,134	151,256,633
Additions	-	-	16,880	-	37,667	54,547
Balance - end of year	31,703,645	80,506,685	36,152,035	2,239,014	709,801	151,311,180
Accumulated depreciation						
Balance - beginning of year	-	15,848,130	14,343,109	1,475,213	641,257	32,307,709
Depreciation	-	1,610,131	1,439,628	156,729	17,395	3,223,883
Balance - end of year	-	17,458,261	15,782,737	1,631,942	658,652	35,531,592
Net	31,703,645	63,048,424	20,369,298	607,072	51,149	115,779,588

(*) Average market value of investment properties based on the assessment of the real estate expert on March 19, 2023 an amount of JD 122,551,390.
(**) The land and commercial complex erected on it (Taj Life Style) mortgaged in favor of syndicate loan bank as referred to it in note no.(11).

4. Property and equipment

	Computers	Furniture and fixture	Vehicles	Total
2023	JD	JD	JD	JD
Cost				
Balance - beginning of year	128,373	108,321	60,629	297,323
Additions	14,616	2,114	-	16,730
Disposals	(56,274)	(29,267)	(28,241)	(113,782)
Balance - end of year	86,715	81,168	32,388	200,271
Accumulated depreciation				
Balance - beginning of year	119,940	105,580	60,625	286,145
Depreciation	7,024	939	-	7,963
Disposals	(56,232)	(28,864)	(28,240)	(113,336)
Balance - end of year	70,732	77,655	32,385	180,772
Net	15,983	3,513	3	19,499
2022				
Cost				
Balance - beginning of year	126,694	108,321	60,629	295,644
Additions	1,679	-	-	1,679
Balance - end of year	128,373	108,321	60,629	297,323
Accumulated depreciation				
Balance - beginning of year	115,033	103,471	60,625	279,129
Depreciation	4,907	2,109	-	7,016
Balance - end of year	119,940	105,580	60,625	286,145
Net	8,433	2,741	4	11,178

5. Assets for sale

- On August 4, 2020 the company have owned a piece of land (No.10\Basin (30) Located in Salt - Jordan. According to the settlement agreement with one of the tenants. The company obtained an evaluation of the land from a real estate expert, and the land was registered at its fair value in the amount of JD 135,966. The Board of Directors approved the settlement agreement on February 16, 2020.
- The average market value of the land based on real estate expert dated on February 2, 2021 an amount of JD 153,545.

6. Other debit balances

	2023	2022
	JD	JD
Prepaid to suppliers	284,088	322,515
Refundable deposit	216,554	216,554
Accrued revenues	68,935	320,549
Prepaid expenses	44,173	44,509
Guarantee deposit	27,500	28,500
Prepaid to income and sales tax department	18,959	12,240
Employees receivable	9,097	4,438
Other	410	410
Deposit to income and sales tax department	-	11,936
Total	**669,716**	**961,651**

7. Trade receivables

	2023	2022
	JD	JD
Trade receivables(*)	5,079,833	4,006,022
Cheques under colliction	4,686,763	5,029,375
Less :Allowance for expected credit losses (**)	(4,978,452)	(4,934,141)
Net	**4,788,144**	**4,101,256**

(*) Receivables ages details based on issued invoices are as the following:

	2023	2022
	JD	JD
From 1 to 60 days	1,040,878	469,954
From 61 to 120 days	361,982	389,837
From 121 to 180 days	289,958	149,191
From 181 to 360 days	529,679	121,396
More than 361 days	2,857,336	2,875,644
Total	**5,079,833**	**4,006,022**

(**) Following is the movement of expected credit loses allowance during the year:

	2023	2022
	JD	JD
Balance - beginning of year	4,934,141	5,821,156
Povided during the year	271,122	360,593
Bad debts	(94,574)	(1,097,523)
Recovery of allowance	(132,237)	(150,085)
Balance - end of year	**4,978,452**	**4,934,141**

8. Accounts at banks

	2023	2022
	JD	JD
Deposit at bank (*)	3,903,460	3,704,090
Current accounts at banks - security(**)	1,618,523	1,186,058
Current account at bank - JD	1,515,668	694,072
Total	7,037,651	5,584,220

(*) The deposit mentioned above is tied monthly with an interest rate of 6%.

(**) This item represents the value of rental income generated from the Taj Lifestyle Mall, which is deposited as security for the company's commitment to pay the installments of the bank syndicate loan

9. Statutory reserve

- Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals one quarter of the Company's subscribed capital. However, the Company may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full. Such reserve is not available for dividends distribution.
- For the general assembly after exhausting other reserves to decide in an extraordinary meeting to quench its losses from the accumulated amounts in statuary reserve, and to rebuild it in accordance with the provisions of the law.

10. Syndicate loan

- The campany signed a syndicated loan agreement managed by the Housing Bank for Trade and Finance on January 18, 2010, in the amount of 40 million Jordanian dinars. During September 2011, the value of the bank syndicate loan was increased by 20 million Jordanian dinars, bringing the total bank syndicate loan to 60 million Jordanian dinars.annual net profit until the reserve equals of the Company's subscribed capital. Such reserve is not available for dividends distribution.
- -Bank financing was granted in exchange for the mortgage of the commercial complex in addition to the land on which it is built in the Abdoun area.quench its losses from the accumulated amounts in statuary reserve, and to rebuild it in accordance with the provisions of the law.
- The company rescheduled the loan several times, the last of which was on December 19, 2019, where the final payment due date became November 3, 2029, while the method of calculating interest remained the same, by calculating the weighted average value of the lending rates granted to the best clients from all donors. Excluding from it an annual margin of 1.97%. This percentage was changed to 2.72% from November 3 to December 31, 2022.

- Quarterly installments amounting to JD 582,100 are paid, in addition to the interest due in February, May, August and November of each year.
- During the year 2022, the company paid ten payments amounting to JD 5,821,000, which represent the installments due for the period from August 2022 until November 2024.
- The company paid the installments due for the year 2025 during the first quarter of 2023, with a total value of 2,328,400 Jordanian dinars, in addition to paying the installment due from February 2026 during the second quarter of 2023, for a value of JD 582,100. In addition to that, the company paid installments due on August 2026 in the fourth quarter of year 2023 with total value of JD 582,100. The next payment is due on November 3, 2026.

- The annual payments of loans mature more than a year as the follows:

	Amount
	JD
Year 2026	582,100
Year 2027	2,328,400
Year 2028	2,328,400
Year 2029	5,283,946
Total	**10,522,846**

11. Related parties

A. Transactions related to transactions with companies owned by the Company or any other person.
B. The liability item consists of a party with a creditor relationship owed by Al-Khair Bank.
C. The nature of the relationship with related parties is of a financing nature.

12. Other credit balances

	2023	2022
	JD	JD
Income tax provision (*)	174,356	46,250
Accrued interest	164,519	186,742
Accrued expenses	160,470	144,419
Others	68,657	73,809
Shareholders payables	35,461	59,138
National contribution provision (**)	27,263	10,940
Sales tax deposits	20,408	-
Provision for contingent liabilities	11,663	18,661
Total	662,797	539,959

(*) Income tax provision movement were as follows:

	2023	2022
	JD	JD
Balance - beginning of year	46,250	108,412
provided during the year	218,829	119,141
Paid during the year	(90,698)	(181,303)
Balance - end of year	**174,381**	**46,250**

(**) National contribution provision movement were as follows:

	2023	2022
	JD	JD
Balance - beginning of year	10,940	23,533
Provided during the year	36,767	26,029
Paid during the year	(20,444)	(38,622)
Balance - end of year	**27,263**	**10,940**

13. Cost of revenues

	2023	2022
	JD	JD
Building and property tax	1,118,329	1,020,644
Services	473,855	407,858
Salaries, wages and benefits	467,067	429,140
Cleaning	410,587	395,454
Maintenance	367,850	333,497
Security	309,508	301,357
Marketing	217,950	301,190
Insurance	61,800	62,565
Contribution to social security	59,477	55,891
Over time	25,370	25,028
Miscellaneous	24,500	25,582
Health insurance	16,038	12,393
End of service reward	2,665	3,300
Total	**3,554,996**	**3,373,899**

14. Other revenues

	2023	2022
	JD	JD
Interest income	236,991	153,694
Other	17,638	75,017
Profit from the sale of property and equipment	9,084	-
TOTAL	263,713	228,711

15. Administrative expenses

	2023	2022
	JD	JD
Salaries, wages and related benefits	366,711	337,688
Professional fees	213,730	177,116
Donations	69,718	25,000
Governmental license fess and subscriptions	61,231	37,588
Social security contribution	46,865	42,271
Maintenance	20,839	15,702
Miscellaneous	19,160	15,128
End of service indemnity	19,057	-
Hospitality	18,213	19,354
Communication	13,162	13,716
Stationery and printings	10,514	7,855
Travel and accomodation	10,221	4,269
Health insurance	10,022	10,210
Depreciation	7,963	7,016
Over time	6,971	6,397
Vehicles expenses	6,476	8,506
Advertisng	2,153	576
Total	903,006	728,392

16. Legal cases

According to the lawyer latter, there are legal cases raised by the company against others amounting to JD 1,733,667 and three legal cases with unspecified value, and these cases still pending at related courts.

17. Tax status

The company's tax status has not been settled with the Income and Sales Tax Department for the year 2022, and in the opinion of the management and the company's tax advisor, there is no need to take any provisions and that the company will not incur any potential future financial tax liabilities.

18. Contingent liabilities

At the date of the statement of financial position, the company has the following contingent liabilities:

	Net commitment amount
	JD
Guarantees	142,450

19. Risk management

a) Capital risk:

Regularly, the capital structure is reviewed and the cost of capital and the risks associated with capital are considered. In addition, capital is managed properly to ensure continuing as a going concern while maximizing the return through the optimization of the debt and equity balance.

b) Currency risk:

- Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- The risk arises on certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year.
- Certain procedures to manage the exchange rate risk exposure are maintained.
- Most of foreign currency transactions are in USD, and JD exchange rate is fixed against USD.

c) Interest rate risk:

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- The risk arises on exposure to a fluctuation in market interest rates resulting from borrowings and depositing in banks.
- The risk is managed by maintaining an appropriate mix between fixed and floating interest rates balances during the financial year.
- The following table shows the sensitivity of profit or loss and equity to changes in interest rates received by the entity on its deposits with banks and on interest rates paid by the entity on borrowing from the banks:

As of December 31, 2023	Change in interest		Effect on profit (loss) and equity
	%		JD
Deposit at bank	0.5	±	19.517
Loan	0.5	±	52.614

d) Other price risk:

- Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- The risk arises from investing in equity investments. However, this risk is insignificant since no active trading on these investments is occurred.
- The entity is not exposed to other price risk.

e) **Credit risk:**

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Regularly, the credit ratings of debtors and the volume of transactions with those debtors during the year are monitored.
- Ongoing credit evaluation is performed on the financial condition of debtors, also adequate provisions for doubtful receivables is taken.
- The carrying amount of financial assets recorded in the financial statements represents the - maximum exposure to credit risk without taking into account the value of any collateral obtained.

f) **Liquidity risk:**

- Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.
- Liquidity risk is managed through monitoring cash flows and matching with maturity dates of the financial assets and liabilities.
- The following table shows the maturity dates of financial assets and liabilities as of December 31:

	Less than a year		More than a year	
Description	2023	2022	2022	2021
Assets	JD	JD	JD	JD
Cheques under colliction	-	-	110,740	176,410
Assets for sale	135,966	135,966	-	-
Other debit	341,455	594,627	-	-
Trade recevables	4,788,144	4,101,256	-	-
Cash and csh equivalent	7,037,651	5,584,220	-	-
Total	12,303,216	10,416,069	110,740	176,410
Liabilities				
Loan	-	-	10,522,846	14,597,546
Unrealized revenue	4,030,854	3,609,134	64,258	251,095
Refundable deposits for tenants	-	-	781,623	751,618
Related party payables	2,260	2,260	-	-
Other payables	449,515	464,108	-	-
Trade payables	364,732	559,617	-	-
Total	4,847,361	4,635,119	11,368,727	15,600,259

20. Financial statements for the subsidiary

The consolidated financial statements includes the financial statement of the subsidiary as of December 31, 2023 as follows:

Company name	Paid capital	Percentage of ownership	Total assets	Total liabilities	Accumulated losses	Loss
	JD	%	JD	JD	JD	JD
Golden Crown Company for investment in alternative energy projects	2,500	100	2,500	1,773	(1,773)	(1,773)

21. The potential effects of economic fluctuations

As a result of the current global conflict, where the entity has taken into account any possible impact of current economic fluctuations in the inputs of future macroeconomic factors when determining the severity and probability of economic scenarios to determine expected credit losses.

22. Reclassification

2022 balances have been reclassified to conform to the adopted classification in 2023.