disclosure

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Sent: 16 حزيران، 2020 02:10 م

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Cc: 'Ahmad Taher'

Subject: البيانات المالية باللغة الانجليزية

Attachments: ميزانية انجـليـزي 2019-12-31.pdf

للإفصاح
* بورصة عمان
* الدائرة الإدارية
7/17

السادة/ هيئة الأوراق المالية – المحترمين.
السادة/ بورصة عمان – المحترمين.
تحية طيبة وبعد،

التزاما بتعليمات الإفصاح نرفق لكم صورة عن البيانات المالية باللغة الانجليزية للفترة المنتهية في 2019/12/31 لشركة تطوير العقارات م.ع.

مع فائق الشكر والاحترام.

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
١٧ حزيران ٢٠٢٠
الرقم المتسلسل 2545
الجهة المختصة 2/2/1/12

Tareq Bakeer
Assistant Executive Officer for Management

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Real Estate Development Company

Public Shareholding Company

Consolidated Financial Statements

31 December 2019

Real Estate Development Company
Public Shareholding Company

Arab Professionals
The Home of Excellence

Arab Professionals
Independent Member of Geneva Group International
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INDEPENDENT AUDITOR'S REPORT

To The Shareholders of
Real Estate Development Company
Public Shareholding Company
Amman – Jordan

Opinion

We have audited the consolidated financial statements of **Real Estate Development Company PLC**, which comprise the consolidated statement of financial position as at 31 December 2019, consolidated statement of profit or loss, 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 consolidated financial position of the Company as at 31 December 2019, and its consolidated financial performance and its consolidated 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 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 in the Hashemite Kingdom of 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.

Emphasis of Matter

The accompanying consolidated financial statements include projects under construction owned by Arab East Investments for Real Estate Company (subsidiary company) and registered in the name of Housing and Urban Development Corporation amounting to JOD (1,028,354) and other projects under construction registered in the name of Jordan Engineers Association amounting to JOD (1,496,432) against signed agreements with those parties.

Key Audit Matter

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 year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, without providing a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

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 auditor's 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 Board of Directors for the Consolidated Financial Statements

Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control, as Board of Directors, 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, Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

GGi INDEPENDENT MEMBER

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 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 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 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 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, 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 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 reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records and the accompanying consolidated financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report, and we recommend the General Assembly to approve it.

26 February 2020
Amman – Jordan

Arab Professionals Public Accountants

Arab Professionals
Ibrahim Hammoudeh
License No. (606)

GGi
INDEPENDENT MEMBER

Real Estate Development Company
Public Shareholding Company
Consolidated Statement of Financial Position
As at 31 December 2019
(In Jordanian Dinar)

	Notes	2019	2018
Assets			
Non – Current Assets			
Investment properties	3	15,689,425	16,446,523
Property and equipment	4	43,630	45,459
Financial assets measured at fair value through statement of profit or loss	5	3,855,897	3,844,322
Financial assets measured at fair value through statement of other comprehensive income	6	1,112,841	1,240,610
Investment in associate companies	7	1,231,728	1,219,470
Amounts due from related parties - long term	24	10,244,459	10,055,139
Projects under construction	8	2,524,786	5,175,194
Total Non – Current Assets		34,702,766	38,026,717
Current Assets			
Lands held for sale	9	11,316,442	11,312,073
Other current assets	10	19,963	26,003
Accounts receivable	11	312,092	323,380
Financial assets measured at fair value through statement of profit or loss	12	1,437,041	1,609,696
Cash and cash equivalents	13	24,954	49,828
Total Current Assets		13,110,492	13,320,980
Total Assets		**47,813,258**	**51,347,697**
Equity and Liabilities			
Shareholders' Equity	14		
Paid – in capital		49,625,545	49,625,545
Statutory reserve		370,748	370,748
Parent company's shares owned by subsidiaries		(2,889,115)	(2,889,115)
Cumulative changes in fair value of financial assets		(1,823,189)	(1,720,701)
Accumulated losses		(20,924,787)	(19,941,485)
Total Shareholders' Equity		24,359,202	25,444,992
Non-controlling interests		11,228,748	11,899,761
Total Equity		35,587,950	37,344,753
Liabilities			
Non – Current Liabilities			
Bank facilities – long term	15	3,881,286	2,731,933
Amounts due to related parties – long term	24	5,414,520	5,274,933
Total Non - Current Liabilities		9,295,806	8,006,866
Current Liabilities			
Bank facilities – short term	15	762,048	1,718,984
Accounts payable		390,775	331,810
Obligation against shares repurchase agreement	16	200,000	200,000
Amounts due to related parties –short term	24	151,650	-
Unearned revenues	17	210,603	2,578,185
Other current liabilities	18	1,214,426	1,167,099
Total Current Liabilities		2,929,502	5,996,078
Total Liabilities		12,225,308	14,002,944
Total Equity and Liabilities		**47,813,258**	**51,347,697**

"The accompanying notes from (1) to (29) are integral part of these consolidated financial statements"

Real Estate Development Company
Public Shareholding Company
Consolidated Statement of Profit or Loss
For the Year Ended 31 December 2019

(In Jordanian Dinar)

	Notes	2019	2018
(Loss) profit from sale of real estates, net	19	(513,969)	77,553
Changes in fair value of financial assets at fair value through statement of profit or loss		(155,476)	(62,306)
Company's share from associate companies operations	7	20,686	(5,235)
Administrative expenses	20	(317,263)	(443,732)
Finance costs		(433,624)	(396,143)
Other revenues & expenses, net	21	60,913	62,997
Loss for the year		**(1,338,733)**	**(766,866)**
Attributable to :			
Shareholders of the Company		(983,302)	(686,402)
Non-controlling interests		(355,431)	(80,464)
		(1,338,733)	**(766,866)**
Basic and diluted losses per share	22	**(0.021)**	**(0.015)**

"The accompanying notes from (1) to (29) are integral part of these consolidated financial statements"

Real Estate Development Company
Public Shareholding Company
Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2019

(In Jordanian Dinar)

	Notes	2019	2018
Loss for the year		(1,338,733)	(766,866)
Other comprehensive income:			
Changes in fair value of financial assets through statement of other comprehensive income		(127,771)	(21,167)
Company's share from other comprehensive income of associate company	7	(11,345)	(5,824)
Total comprehensive loss for the year		**(1,477,849)**	**(793,857)**
Attributable to :			
Shareholders of the Company		(1,085,790)	(708,800)
Non-controlling interests		(392,059)	(85,057)
		(1,477,849)	**(793,857)**

"The accompanying notes from (1) to (29) are integral part of these consolidated financial statements"

Real Estate Development Company
Public Shareholding Company
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2019

(In Jordanian Dinar)

	Paid - in capital	Statutory reserve	Parent company's shares owned by subsidiaries	Cumulative changes in fair value of financial assets	Accumulated losses	Total shareholders' equity	Non-controlling interests	Total equity
Balance at 1 January 2019	**49,625,545**	**370,748**	**(2,889,115)**	**(1,720,701)**	**(19,941,485)**	**25,444,992**	**11,899,761**	**37,344,753**
Total comprehensive loss for the year	-	-	-	(102,488)	(983,302)	**(1,085,790)**	(392,059)	**(1,477,849)**
Non-controlling interests	-	-	-	-	-	**-**	(278,954)	**(278,954)**
Balance at 31 December 2019	**49,625,545**	**370,748**	**(2,889,115)**	**(1,823,189)**	**(20,924,787)**	**24,359,202**	**11,228,748**	**35,587,950**
Balance at 1 January 2018	**49,625,545**	**370,748**	**(2,889,899)**	**(1,698,303)**	**(19,254,777)**	**26,153,314**	**11,984,952**	**38,138,266**
Total comprehensive loss for the year	-	-	-	(22,398)	(686,402)	**(708,800)**	(85,057)	**(793,857)**
Parent company's shares owned by subsidiaries	-	-	784	-	(306)	**478**	(134)	**344**
Balance at 31 December 2018	**49,625,545**	**370,748**	**(2,889,115)**	**(1,720,701)**	**(19,941,485)**	**25,444,992**	**11,899,761**	**37,344,753**

"The accompanying notes from (1) to (29) are integral part of these consolidated financial statements"

Real Estate Development Company
Public Shareholding Company
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2019

(In Jordanian Dinar)

	2019	2018
Operating activities		
Loss for the year	(1,338,733)	(766,866)
Depreciation	1,828	1,872
Changes in fair value of financial assets at fair value through statement of profit or loss	155,476	62,306
Company's share from associate companies operations	(20,686)	5,235
Currency exchange differences	(11,574)	19,842
Loss (profit) from sale of lands	513,969	(77,553)
Gain from sale of property and equipment	(8,999)	-
Changes in working capital		
Financial assets at fair value through statement of profit or loss	17,179	-
Accounts receivable	11,288	(33,591)
Other current assets	6,037	1,516
Other current liabilities	47,327	104,283
Accounts payable	58,965	(16,288)
Unearned revenues	-	198,000
Lands held for sale	(4,369)	(3,161)
Net cash flows used in operating activities	(572,292)	(504,405)
Investing activities		
Investment properties	590,602	170,000
Property and equipment	9,000	-
Investment in associate companies	(2,917)	-
Projects under construction	(64,647)	-
Net cash flows from investing activities	532,038	170,000
Financing activities		
Bank facilities	192,417	55,764
Related parties	101,917	(50,009)
Non-controlling interests	(278,954)	-
Parent company's shares owned by subsidiaries	-	344
Obligation against shares repurchase agreement	-	200,000
Net cash flows from financing activities	15,380	206,099
Changes in cash and cash equivalents	(24,874)	(128,306)
Cash and cash equivalents, beginning of year	49,828	178,134
Cash and cash equivalents, end of year	**24,954**	**49,828**

"The accompanying notes from (1) to (29) are integral part of these consolidated financial statements"

1 . General

Real Estate Development Company was established on 24 June 1995 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (287). The Company obtained the right to start its operations on 21 October 1995. The company's head office is in the Hashemite Kingdom of Jordan. The company's main objective is exercising all real estate investment activities.

The Company stocks are listed in Amman Stock Exchange – Jordan.

The accompanying consolidated financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 26 February 2020 and it is subject to the General Assembly approval.

2 . Summary of significant accounting policies

Basis of preparation

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

The consolidated financial statements have been prepared on historical cost basis except for financial assets at fair value.

The consolidated financial statements are presented in Jordanian Dinar which is the functional currency of the company.

The accounting policies are consistent with those used in the previous year, except for the adoption of new and amended standards effective as at the beginning of the year.

Principles of consolidation

The consolidated financial statements comprise of the financial statements of the company and its subsidiaries where the company has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from their activities. The financial statements of the subsidiaries are prepared for the same reporting year as the company using consistent accounting policies. All balances, transactions, income, and expenses between the company and its subsidiaries are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the company obtains control, and continue to be consolidated until the date that such control ceases.

The results of operations of the subsidiaries are consolidated in the consolidated statement of comprehensive income from the acquisition date which is the date on which control over subsidiaries is transferred to the company. The results of operation of the disposed subsidiaries are consolidated in the consolidated statement of comprehensive income to the disposal date which is the date on which the company loses control over the subsidiaries.

The following subsidiaries have been consolidated:

Company	Ownership	Paid- in capital	Activity
Iwan for Construction LLC	100%	10,000	Housing construction
Iwan for Engineering Consultancy	100%	1,000	Engineering consultancy
Al-Ula for Investment Management	100%	10,000	Real estate development
Daret Amman for Housing Projects LLC	83%	10,000	Housing construction
Arab East Investments for Real Estate PLC	70%	9,996,082	Real estate development
Dghaileeb for Real Estate Investments LLC	70%	10,000	Real estate development
Asrar for Real Estate Investments LLC	70%	10,000	Real estate development
Al- Molheq for Real Estate Investments LLC	52%	10,000	Real estate development
Noor Al Sharq for Real Estate Investments LLC	43%	10,000	Real estate development
Al- Ifsah for Real Estate Investments LLC	35%	10,000	Real estate development
Al Fanneyyah Lelmantojat Al Kharasaneyah LLC	35%	10,000	Real estate development

The financial statements for Noor Al Sharq for Real Estate Investments, Al- Ifsah for Real Estate Investments and Al Fanneyyah Lelmantojat Al Kharasaneyah were consolidated with the accompanying consolidated financial statements even though the ownership percentage is below 50% due to the control imposed by the Real Estate Development Company on the financial and operational policies of these companies.

Adoption of new and revised IFRS standards

The following standards have been published that are mandatory for accounting periods after 31 December 2019. Management anticipates that the adoption of new and revised Standards will have no material impact on the consolidated financial statements of the company.

Standard No.	Title of Standards	Effective Date
IFRS 3	Definition of a Business (Amendments)	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021

Use of estimates

Preparation of the consolidated financial statements and the application of accounting polices require the company's management to estimate and assess some items affecting financial assets and liabilities and to disclose contingent liabilities. These estimates and assumptions also affect certain elements of the company's assets, liabilities and provisions, and revenue and expenses, and require estimating and assessing the amounts and timing of future cash flows. The mentioned estimates and assumptions are based on multiple factors with varying degrees of assessment and uncertainty. Moreover, the actual results may differ from the estimates due to the changes resulting from the conditions and circumstances of those estimates in the future.

Management believes that the estimates are reasonable and are as follows:

- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the consolidated statement of profit or loss.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

Investment Properties

Property held to earn rentals or for capital appreciation purposes as well as those held for undetermined future use are classified as investment property. Investment property is measured at cost.

Property and equipment

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives using the following annual depreciation rates:

Offices and other properties	2-10%
Machines & Equipment	10-20%
Vehicles	15%
Other	9-20%

When the expected recoverable amount of any property and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is recorded in the consolidated statement of profit or loss.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of deprecation are consistent with the expected pattern of economic benefits from items of property and equipment.

When the property and equipment are sold or discarded, the cost of them is disposed of and any profit or loss related to the disposal is recorded in the consolidated statement of profit or loss.

Financial assets at fair value through profit or loss

This includes financial assets held by the company for the purpose of trading in the near future and achieving gains from the fluctuations in market prices in the short term or trading margins.

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded at the consolidated statement of profit or loss upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the consolidated statement of profit or loss including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the consolidated statement of profit or loss.

Dividends and interests from these financial assets are recorded in the consolidated statement of profit or loss.

Financial assets at fair value through other comprehensive income

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.

Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the consolidated statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. In case those assets – or part of them- were sold, the resultant gain or loss is recorded in the consolidated statement of comprehensive income within owners' equity and the reserve for the sold assets is directly transferred to the retained earnings and not through the consolidated statement of profit or loss.

These assets are not subject to impairment testing.

Dividends are recorded in the consolidated statement of profit or loss.

Trading and settlement date accounting

Purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits itself to purchase or sell the asset.

Fair value

Fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

Pledged financial assets
Represent those financial assets pledged to other parties with the existence of the right of use for the other party (sale, re-pledge). These financial assets are measured according to their original classification.

Investment in associates
Investments in associates are accounted for using the equity method.
The carrying amount of the investment in associates is increased or decreased to recognize the company's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the company.
Unrealized gains and losses on transactions between the company and its associates are eliminated to the extent of the company's interest in those entities.

Short-term-leases and leases of low-value assets
The company applies the short-term lease recognition exemption to some of its short-term leases (I.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Projects under development and ready for sale projects
Properties being developed are presented by the lower of cost or net realizable value. The cost includes the value of the property and all the necessary expenses for developing and making the property available for sale.

Accounts receivable
Accounts receivable are carried at original invoice amount less an estimate made for credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified. Collected receivables after being written off are recorded as revenue.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments where there's no risk in changes of value.

Accounts payables and accruals
Accounts payable and accrued payments are recognized upon receiving goods or performance of services whether there are claims from the supplier or not.

Provisions
Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Offsetting
Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position only when there are legal rights to offset the recognized amounts, the company intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Revenue recognition

Revenues from sale of goods are recognized when control transferred to the buyer, while revenues from rendering services are recognized over time and according to percentage of completion. In all cases, it is necessary that the amount of revenue can be measured reliably.

Interest income is recognized on time proportion basis that reflects the effective yield on the assets.

Dividends income is recognized when it is declared by the General Assembly of the investee company.

Other revenues are recognized on the accrual basis.

Borrowing costs
Borrowing costs are generally expensed as incurred. Borrowing costs obtained in order to finance projects under construction are capitalized as part of the projects cost. The capitalizing of borrowing costs is stopped upon the completion of the project under construction.

Foreign currencies
Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the consolidated statement of profit or loss.

Income tax
Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.

3 . Investment properties

	Lands
Cost	
Balance at 1/1/2019	**16,446,523**
Additions	9,398
Sale of investment properties	(766,496)
Balance at 31/12/2019	**15,689,425**
Cost	
Balance at 1/1/2018	**16,538,970**
Sale of investment properties	(92,447)
Balance at 31/12/2018	**16,446,523**

- The investment properties include mortgaged lands amounting to JOD (1,386,709) against banks facilities.
- The above lands are stated at cost. The fair value of the above investment properties are not disclosed because it can not be measured reliably as there is no active market available for it.
- The law requires the approval of the Minister of Finance before selling the real estate investments that have been owned for less than five years.

4 . Property and equipment

	Offices and other properties	Machines & Equipment	Vehicles	Other	Total
Cost					
Balance at 1/1/2019	49,138	56,894	119,325	49,830	**275,187**
Disposals	-	-	(27,500)	-	**(27,500)**
Balance at 31/12/2019	49,138	56,894	91,825	49,830	**247,687**
Accumulated depreciation					
Balance at 1/1/2019	5,404	56,893	119,322	48,109	**229,728**
Depreciation	983	-	-	845	**1,828**
Disposals	-	-	(27,499)	-	**(27,499)**
Balance at 31/12/2019	6,387	56,893	91,823	48,954	**204,057**
Net book value at 31/12/2019	**42,751**	**1**	**2**	**876**	**43,630**
Cost					
Balance at 1/1/2018	49,138	56,894	119,325	49,830	**275,187**
Balance at 31/12/2018	49,138	56,894	119,325	49,830	**275,187**
Accumulated depreciation					
Balance at 1/1/2018	4,422	56,272	119,322	47,840	**227,856**
Depreciation	982	621	-	269	**1,872**
Balance at 31/12/2018	5,404	56,893	119,322	48,109	**229,728**
Net book value at 31/12/2018	**43,734**	**1**	**3**	**1,721**	**45,459**

5 . Financial assets measured at fair value through statement of profit or loss

	2019	2018
Investment in unlisted company's shares (outside Jordan)	**3,855,897**	**3,844,322**

6 . Financial assets measured at fair value through statement of other comprehensive income

	2019	2018
Investments in listed shares (inside Jordan)	1,038,706	1,158,706
Investments in listed shares (outside Jordan)	11,956	12,681
Investments in unlisted shares (inside Jordan)	62,179	69,223
	1,112,841	**1,240,610**

The above financial assets include pledged shares against credit facilities granted to the Arab East Investments for Real Estate (subsidiary company) with a fair value amounting to JOD (412,800) as at 31 December 2019.

7 . Investment in associate companies

The following table summarizes the movements over the Company's investments in associates companies:

Company	Beginning Balance	Share From Operations	Share From Cumulative Change in Fair Value	Share From Loss Redemption	Ending Balance	Fair Value
Al Talleh for Investment Projects LLC	5,411	2,427	-	-	7,838	Unlisted
Al Ttallah for Investment Projects LLC	5,000	-	-	-	5,000	Unlisted
Wajehat Amman for Investment Projects LLC	5,000	(19)	-	-	4,981	Unlisted
Panorama Amman for Investment Projects LLC	3,443	-	-	-	3,443	Unlisted
Jannah for Investments LLC	2,936	(1,018)	-	-	1,918	Unlisted
Al Monbatheqa for Consulting LLC	1	-	-	-	1	Unlisted
Al Mekman for Real Estate Investments LLC	4,725	-	-	-	4,725	Unlisted
Al Thaher for Real Estate Investment LLC	5,000	-	-	-	5,000	Unlisted
Ansam for Real Estate Investment LLC	957	13,495	-	2,917	17,369	Unlisted
Al Quilaib for Real Estate Investments LLC	1,355	-	-	-	1,355	Unlisted
Jerusalem for Real Estate Investments PLC	1,185,642	5,801	(11,345)	-	1,180,098	533,086
	1,219,470	**20,686**	**(11,345)**	**2,917**	**1,231,728**	

The following table summarizes key financial information of the associates:

Company	Activity	Ownership	Assets	Liabilities	Revenues	Profit (Loss)
Al Talleh for Investment Projects LLC	Investment	50%	2,138,782	2,123,105	11,072	4,855
Al Ttallah for Investment Projects LLC	Investment	50%	1,621,731	1,611,731	-	-
Wajehat Amman for Investment Projects LLC	Investment	50%	9,961	-	-	(39)
Panorama Amman for Investment Projects LLC	Investment	35%	6,224,178	6,214,201	-	-
Jannah for Investments LLC	Investment	36%	9,129,807	9,124,400	174	(2,872)
Al Monbathaqa for Consulting LLC	Consulting and training	25%	479,200	2,492,296	-	-
Al Mekman for Real Estate Investments LLC	Investment	47%	2,335,606	2,325,606	-	-
Al Thaher for Real Estate Investment LLC	Investment	50%	1,133,320	1,123,320	-	-
Ansam for Real Estate Investment LLC	Investment	19%	1,477,292	1,387,622	177,873	69,670
Al Quilaib for Real Estate Investments LLC	Investment	14%	5,039,708	5,029,708	-	-
Jerusalem for Real Estate Investments PLC	Real estate investments	26.85%	7,691,739	2,163,609	125,163	(133,386)
			37,281,324	**33,595,598**	**314,282**	**(61,772)**

All of the above associate companies are registered in Jordan except for Jerusalem for Real Estate Investments Company PLC, which is registered in Palestine.

8 . Projects under construction

This item represents projects under construction owned by Arab East Investments for Real Estate Company PLC (Subsidiary Company) and registered in the name of Housing and Urban Development Corporation amounting to JOD (1,028,354), and other projects under construction registered in the name of Jordan Engineers Association amounting to JOD (1,496,432) against signed agreements with those parties.

9 . Lands held for sale

- One of the Company's subsidiaries has filed a lawsuit in 2015 against the Ministry of Energy and Mineral Resources to compensate the acquisition of parts of the land owned by the Subsidiary. A decision was issued by the Court of Appeal to oblige the Ministry of Energy and Mineral Resources to pay the Subsidiary JOD (3,182). No amounts were received till the date of the consolidated financial statements.
- One of the Company's subsidiaries has filed a lawsuit in 2016 against the Ministry of Public Works and Housing to compensate the acquisition of parts of the land owned by the Subsidiary. A decision was made by the Court of Cassation to reject the cassation made by the Ministry and oblige the Ministry of Public Works and Housing to pay the Subsidiary JOD (156,500). No amounts were received till the date of the consolidated financial statements.

10 . Other current assets

	2019	2018
Prepaid expenses	9,639	8,616
Income tax deposits	7,400	11,276
Refundable deposits	1,351	1,351
Others	1,573	4,760
	19,963	**26,003**

11 . Accounts receivable

	2019	2018
Receivables related to sale of lands	296,411	306,781
Tenants receivables	67,080	73,572
Others	40,020	103,494
Provision for expected credit loss	(91,419)	(160,467)
	312,092	**323,380**

The movement on the provision for expected credit loss was as follows:

	2019	2018
Balance at beginning of the year	160,467	169,003
Write off	(69,048)	(8,536)
	91,419	**160,467**

Company's management believes that all past due not impaired accounts receivable are collectable in full.

12 . Financial assets at fair value through statement of profit or loss

This represents Company's investment in quoted shares companies (in Jordan) at fair value.

13 . Cash and cash equivalents

	2019	2018
Cash on hand	1,000	745
Cash at banks	23,954	49,083
	24,954	**49,828**

14 . Equity

Capital

The Company's authorized, subscribed and paid in capital is JOD (49,625,545) divided equally into (49,625,545) shares with par value of JOD (1) per share as at 31 December 2019 and 2018.

Statutory reserve

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. This reserve is not available for distribution to shareholders.

Parent company's shares owned by subsidiaries

This presents the cost of stocks owned by the subsidiaries in the capital of Real Estate Development Company (Parent company). Part of these shares is pledged against credit facilities granted to the subsidiaries with a fair value amounting to JOD (492,187) as at 31 December 2019.

Cumulative changes in fair value of financial assets

This item represents the cumulative change in fair value of financial assets measured at fair value through other comprehensive income owned by the Company and its subsidiaries and associates.

Non – controlling interest

This represents the non - controlling interest of the Company from the subsidiaries shareholders equity, and the non - controlling interest is presented as a separate account into the consolidated statements of financial position, consolidated statement of profit or loss and consolidated statement of other comprehensive income.

15 . Bank facilities

Credit Type	**Currency**	**Interest Rate**	**Maturity Date**	**Facility Limit**	**Outstanding Balance**
Loan	JOD	8.75%	2020 - 2027	3,237,061	3,237,061
Loan	JOD	9.9%	2020 - 2024	2,700,000	1,212,225
Margin financing	JOD	10%	2020	300,000	194,048
					4,643,334

The above facilities are granted to the Company against land mortgage and stocks pledges.

16 . Obligation against shares repurchase agreement

At end of year 2018, the Company signed shares repurchase agreement with Arab East Investments Company, which contains sale part of shares owned in subsidiary (Arab East Investment for Real Estate Company) with a concurrent undertaking to repurchase these shares within (18) months at the same selling price.

17 . Unearned revenues

	2019	2018
Unearned revenues from sale of real estates	**210,603**	**2,578,185**

18 . Other current liabilities

	2019	2018
Various provisions	969,843	972,012
Accrued expenses	160,172	106,003
Shareholders withholdings	74,307	74,395
Deferred revenues related to land sale to an associate company	8,577	8,577
Others	1,527	6,112
	1,214,426	**1,167,099**

19 . (Loss) profit from sale of real estates, net

	2019	2018
Revenues from sale of real estates	2,976,010	170,000
Cost of real estates sold	(3,489,979)	(92,447)
	(513,969)	**77,553**

20 . Administrative expenses

	2019	2018
Salaries and other benefits	116,316	156,032
Professional fees and lawsuits expenses	46, 588	52,955
Board of Directors' transportations	79,800	83,700
Fees and subscriptions	32,667	33,259
Rents	8,680	8,680
General Assembly meetings	5,630	5,368
Travel and transportation	4,551	6,424
Utilities	2,920	3,152
Fuel and vehicles maintenance	2,507	3,361
Post and telephone	2,284	3,186
Depreciation (Note 4)	1,828	1,872
Companies Controller fees	2,400	1,200
Labor lawsuits	-	75,000
Miscellaneous	11,092	9,543
	317,263	**443,732**

21 . Other revenues & expenses, net

	2019	2018
Currency exchange differences	11,574	(19,842)
Real estate management fees	21,500	43,000
Gain from sale of equipment	8,999	-
Others	18,840	39,839
	60,913	**62,997**

22 . Basic and diluted losses per share

	2019	2018
Loss for the year attributable to shareholders	(983,302)	(686,402)
Weighted average number of shares	46,860,282	46,860,282
	(0.021)	**(0.015)**

23 . Tax Status

- The Company has settled its tax liability with Income Tax Department up to the year ended 2016.
- The income tax returns for the years 2017 and 2018 have been filed with the Income Tax Department but the Department has not reviewed the company's records till the date of this report.
- No income tax provision has been taken on the Company's results of operations for the year 2019 as the Company's expenses exceeded its taxable revenues.

24 . Related party transactions

Party	Relationship Nature	Transaction Nature	Balance at year end Debit	Balance at year end Credit
Al Mekman for Real Estate Investments LLC	Associate	Financing	1,099,081	-
Al Thaher for Real Estate Investment LLC	Associate	Financing	561,660	-
Jannah for Investments LLC	Associate	Financing	3,497,094	-
Al Monbathaqa for Consulting LLC	Associate	Financing	119,796	-
Al Talleh for Investment Projects LLC	Associate	Financing	1,065,644	-
Al Ttallah for Investment Projects LLC	Associate	Financing	805,865	-
Panorama Amman for Investment Projects LLC	Associate	Financing	2,145,746	-
Ansam for Real Estate Investment LLC	Associate	Financing	268,300	-
Al Quilaib for Real Estate Investments LLC	Associate	Financing	681,273	-
Arab East Investments Company PLC	BOD member	Financing & Commercial	-	5,409,539
Dr. Osama madi	Chairman	Financing	-	151,650
Wajehat Amman for Investment Projects LLC	Associate	Financing	-	4,981
			10,244,459	**5,566,170**

- The remunerations of the executive management during the years 2019 and 2018 amounted to JOD (106,688) and JOD (143,736) respectively.

25 . Segments reporting

The company is engaged mainly in investment in securities and real estates inside and outside the Hashemite Kingdom of Jordan, and as the following:

	2019		2018	
	Inside Jordan	Outside Jordan	Inside Jordan	Outside Jordan
Profit (losses) generated from securities investments	(140,241)	17,375	(63,287)	(24,096)
(Losses) profit generated from real estates investments	(513,969)	-	77,553	-
Securities investments segment's assets	2,589,906	5,047,951	2,871,453	5,042,645
Real estate investments segment's assets	29,530,653	-	32,933,790	-

26 . Liabilities in the name of the Company

The Company has signed in year 2015 an agreement under which all of its rights to returns and management of Dubai healthcare building (financed by finance lease from United National Bank) have been transferred to a second party; who will be liable of the finance lease until the full settlement. The finance lease obligation is still registered in the name of the Company and in case of default from the second party, the Bank has the right to sell the building without any financial obligation towards the Company.

27 . Fair Value of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the company include cash and cash equivalents, receivables and securities. Financial liabilities of the company include loans from financial institutions, obligation against shares repurchase agreement, and accounts payable.

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through statement of profit or loss	1,437,041	3,855,897	-	**5,292,938**
Financial assets at fair value through statement of other comprehensive income	1,050,662	62,179	-	**1,112,841**
	2,487,703	**3,918,076**	**-**	**6,405,779**

2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through statement of profit or loss	1,609,696	3,844,322	-	**5,454,018**
Financial assets at fair value through statement of other comprehensive income	1,171,387	69,223	-	**1,240,610**
	2,781,083	**3,913,545**	**-**	**6,694,628**

28 . Financial Risk Management

Currency Risk

The management considers that the company is not exposed to significant currency risk. The majority of their transactions and balances are in Jordanian Dinar, Kuwaiti Dinar and US Dollar. As the Jordanian Dinar is pegged to the US Dollar, balances in US Dollar are not considered to represent significant currency risk and the company's results or equity to movements in exchange rates is not considered significant.

Assuming that Kuwait Dinar exchange rate has been decreased or increased by 10% annually the consolidated comprehensive income for the year would have been reduced / increased by JOD (385,590) during 2019 (2018: JOD 384,432).

Credit Risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

The balance of the largest client amounted to JOD (296,411) from the total outstanding receivables as at 31 December 2019 compared to JOD (306,781) as at 31 December 2018.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its net financial obligation. In this respect, the Company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, and cash equivalents and quoted securities.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the financial position date to the contractual maturity date.

2019	Less than one year	More than one year	Total
Bank facilities	762,048	3,881,286	**4,643,334**
Accounts payable	390,775	-	**390,775**
Obligation against shares repurchase agreement	200,000	-	**200,000**
Amounts due to related parties	151,650	5,414,520	**5,566,170**
Unearned revenues	210,603	-	**210,603**
Other current liabilities	1,214,426	-	**1,214,426**
	2,929,502	**9,295,806**	**12,225,308**

2018	Less than one year	More than one year	Total
Bank facilities	1,718,984	2,731,933	**4,450,917**
Accounts payable	331,810	-	**331,810**
Obligation against shares repurchase agreement	200,000	-	**200,000**
Amounts due to related parties	-	5,274,933	**5,274,933**
Unearned revenues	2,578,185	-	**2,578,185**
Other current liabilities	1,167,099	-	**1,167,099**
	5,996,078	**8,006,866**	**14,002,944**

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As most of the Company's financial instruments have fixed interest rate and carried at amortized cost, the sensitivity of the Company's results or equity to movements in interest rates is not considered significant.

Equity Price Risk

Equity price risk results from the change in the fair value of equity securities. The company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the consolidated comprehensive income for the year 2019 would have been reduced / increased by JOD (248,770) (2018: JOD 278,108).

29 . Capital Management

The Company manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders by keeping a balance between shareholders equity and total debt.

The table below shows debt to equity ratio:

	2019	2018
Total Debt	4,643,334	4,450,917
Total Equity	35,587,950	37,344,753
Debt to Equity ratio	**13.1%**	**11.9 %**