

**Methaq Real Estate Investment 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**

Methaq Real Estate Investment Company  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan

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### Independent Auditors Report

To Messrs. Shareholders  
Methaq Real Estate Investment Company  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan

#### Report on the audit of consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of Methaq Real Estate Investment Company (Public Shareholding Company), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023, and 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 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.

#### 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.

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Independent Auditor's Report for the year ended December 31, 2023

#### Investments property

According to requirements of International Financial Reporting Standards, the investment property is measured initially at cost including transactions cost. The carrying value of investment property in the consolidated financial statements are reviewed for impairment when events or changes in the circumstances indicate that the carrying value may not be recoverable.

If any such indication of impairment exists, impairment losses are calculated in accordance with impairment of assets policy.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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.



Independent Auditor's Report for the year ended December 31, 2023

- 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 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 financial statements by the general assembly.

Talal Abu-Ghazaleh & Co. International



Mohammad Al-Azraq  
(License # 1000)

Amman March 10, 2024

**Methaq Real Estate Investment Company**  
**Public Shareholding Company**  
**Amman - The Hashemite Kingdom of Jordan**

**Consolidated statement of financial position as at December 31, 2023**

	Notes	2023	2022
		JD	JD
<b>ASSETS</b>			
<b>Current Assets</b>			
Current accounts at banks		33,763	14,085
Accounts receivable	3	54,937	49,603
Other debit balances	4	7,268	5,934
Deferred tax assets		101,822	101,822
Offices held for sale	5	-	216,238
Lands held for sale	6	4,193,189	3,835,549
<b>Total current Assets</b>		<u>4,390,979</u>	<u>4,223,231</u>
<b>Non-current Assets</b>			
Investment lands	7	2,724,735	3,581,122
Project under construction	8	937,660	-
Investment property	9	2,151,026	2,165,679
Property and equipment	10	186,344	53,485
<b>Total non-current Assets</b>		<u>5,999,765</u>	<u>5,800,286</u>
<b>TOTAL ASSETS</b>		<u>10,390,744</u>	<u>10,023,517</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other credit balances	11	519,959	526,827
Obligation against finance lease	12	1,017,048	1,002,319
<b>Total current Liabilities</b>		<u>1,537,007</u>	<u>1,529,146</u>
<b>Non-current Liabilities</b>			
Deferred checks - long term portion		-	1,533
Obligation against finance lease - long term portion	12	75,271	-
<b>Total non-current Liabilities</b>		<u>75,271</u>	<u>1,533</u>
<b>Total Liabilities</b>		<u>1,612,278</u>	<u>1,530,679</u>
<b>Equity</b>			
Authorized and paid capital		9,500,000	9,500,000
Statutory reserve	13	178,093	177,523
Accumulated losses		(899,627)	(1,184,685)
<b>Net Equity</b>		<u>8,778,466</u>	<u>8,492,838</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>10,390,744</u>	<u>10,023,517</u>

The attached notes form part of these consolidated financial statements

**Methaq Real Estate Investment Company**  
**Public Shareholding Company**  
**Amman - The Hashemite Kingdom of Jordan**

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

	Notes	2023	2022
		JD	JD
Offices sales		279,067	1,620,600
Offices cost of sale		<u>(216,238)</u>	<u>(1,013,377)</u>
<b>Sales gross profit</b>		<b>62,829</b>	<b>607,223</b>
Office rental revenue		218,666	170,944
Investment property expenses	14	<u>(18,116)</u>	<u>(8,790)</u>
<b>Gross profit</b>		<b>263,379</b>	<b>769,377</b>
Recovery of impairment in the value of lands held for sale	6	357,640	557,253
Other revenues	15	94,251	22,492
Administrative expenses	16	(286,219)	(258,525)
Finance cost		<u>(97,719)</u>	<u>(138,411)</u>
<b>Profit before tax and national contribution</b>		<b>331,302</b>	<b>952,186</b>
Income tax	11	-	(29,801)
National contribution	11	-	(1,490)
Income tax paid on prior years		(44,282)	-
National contribution paid on prior years		<u>(1,392)</u>	<u>-</u>
<b>Profit</b>		<b><u>285,628</u></b>	<b><u>920,895</u></b>
Weighted average number of shares during the year		<u>9,500,000</u>	<u>9,500,000</u>
Basic profit per share	17	<u>JD -/030</u>	<u>JD -/097</u>

The attached notes form part of these consolidated financial statements

Methaq Real Estate Investment Company  
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Consolidated statement of changes in equity for the year ended December 31, 2023

	Capital		Statutory reserve		Accumulated losses		Net	
	JD		JD		JD		JD	
Balance as at January 1, 2022	9,500,000		162,040		(2,090,097)		7,571,943	
Profit	-		-		920,895		920,895	
Statutory reserve	-		15,483		(15,483)		-	
Balance as at December 31, 2022	9,500,000		177,523		(1,184,685)		8,492,838	
Profit	-		-		285,628		285,628	
Statutory reserve	-		570		(570)		-	
Balance as at December 31, 2023	9,500,000		178,093		(899,627)		8,778,466	

The attached notes form part of these consolidated financial statements

**Methaq Real Estate Investment Company**  
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**Consolidated statement of cash flow for the year ended December 31, 2023**

	2023	2022
	JD	JD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax and national contribution	331,302	952,186
Adjustments for :		
Expected credit losses	-	770
Recovery of impairment in the value of lands held for sale	(357,640)	(557,253)
Depreciation	27,930	17,835
Finance cost	97,719	138,411
Gains from sale of property and equipment	(61,015)	-
Change in operating assets and liabilities:		
Accounts receivable	(5,334)	(13,147)
Other debit balances	(1,334)	7,432
Offices held for sale	216,238	1,013,377
Other credit balances	(89,742)	(563,482)
Deferred checks	(1,533)	(19,271)
	<u>156,591</u>	<u>976,858</u>
Income tax paid	(57,637)	-
National contribution paid	(2,882)	-
<b>Net cash from operating activities</b>	<u>96,072</u>	<u>976,858</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Project under construction	(81,273)	(30,995)
Purchase of property and equipment	(250,972)	(43,867)
Proceeds from sale of property and equipment	165,851	-
<b>Net cash from investing activities</b>	<u>(166,394)</u>	<u>(74,862)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance cost paid	-	(390,347)
Obligation against finance lease	90,000	(497,681)
<b>Net cash from financing activities</b>	<u>90,000</u>	<u>(888,028)</u>
<b>Net change in cash and cash equivalents</b>	<u>19,678</u>	<u>13,968</u>
Cash and cash equivalents - beginning of year	14,085	117
<b>Cash and cash equivalents - end of year</b>	<u>33,763</u>	<u>14,085</u>
<b>INFORMATION ABOUT NON-CASH TRANSACTION</b>		
Transferred from investment lands to projects under construction	856,387	-
Transferred from project under construction to offices held for sale	-	1,229,615
Transferred from project under construction to investment property	-	2,173,046

The attached notes form part of these consolidated financial statements

**Methaq Real Estate Investment Company  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan**

**Notes to the consolidated financial statement**

**1. Legal status and activities**

- Legal status and activity for parent company and subsidiaries as follows:

Company name	Parent company ownership percentage	Legal status	Registration date at the Ministry of Industry and Trade	Rigester No.	Main activities of the company
Methaq Real Estate Investment Company	-	P.S.C	February 15, 2006	384	Own lands and property to implement the goals of the company
Istaj Real Estate Investment Company	100%	L.L.C	February 2, 2009	17995	Purchase of lands and construction of residential apartments and sell them without any interest
Forth Methaq for Property Development Company	100%	L.L.C	August 26, 2009	19520	Own lands and property to implement the goals of the company
Third Methaq Real Estate Investment Company	100%	L.L.C	February 8, 2010	20863	Own lands and property to implement the goals of the company
Al-Quonitrah for Property Development Company	100%	L.L.C	November 10, 2010	23239	Own lands and property to implement the goals of the company

- The consolidated financial statement have been approved by the board of directors in his session no. (2/2024) dated on March 7, 2024 and it requires the approval of the General Assembly.

**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 have been prepared in accordance with International Financial Reporting Standards issued by International Accounting Standard Board.

– **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: <ul style="list-style-type: none"> <li>• discounted probability-weighted cash flows</li> <li>• an explicit risk adjustment, and</li> <li>• A contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.</li> </ul>	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 (Methaq Real Estate Investment Company)and the following subsidiaries which are controlled by the parent :

Name of company	Ownership percentage
	%
Istaj Real Estate Investment Co.	100
Forth Methaq for Property Development Co.	100
Third Methaq Real Estate Investment Co.	100
Al-Quonitrah for Property Development Co.	100

-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.

-Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to the parent.

-If a parent loses a control of a subsidiary, the parent derecognize the assets and liabilities of the subsidiary and non-controlling interests and other equities, recognize any profit or loss resulted from loss of control in the statement of comprehensive income, and recognize any investment retained after loss of control at its fair value.

**- 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 assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset, but for financial assets at fair value through profit or loss, transaction costs are recognized in profit or loss.
- Financial assets are classified to three categories as follows:
  - Amortized cost.
  - Fair value through other comprehensive income.
  - Fair value through profit or loss.
- A financial asset is measured at amortized cost if both of the following conditions are met:
  - The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:
  - The financial assets is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
  - The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interests on that principal amount outstanding.
- All other financial assets (excluding financial assets at amortized cost or at fair value through other comprehensive income) are subsequently measured at fair value in profit or losses.
- On initial recognition of an equity investment that is not held for trading, the entity may irrevocably elect to present subsequent changes in the investments fair value in other comprehensive income.

**Derecognition of financial assets**

Derecognition of financial assets (or a part of a group of similar financial assets) when:

- The contractual rights to the cash flow from the financial assets expire, or
- It transfers the contractual rights to receive the cash flows of the financial assets or assume a contractual obligation to pay the cash flows entirely to a third party.

**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 either to 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 doubtful receivables which represents the collective impairment of receivables.

- **Impairment of financial assets**

- At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVTOCI are credit - impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.
- The entity recognizes loss allowance for expected credit loss (ECL) on:
  - Financial assets measured at amortized cost.
  - Debt investments measured at FVOCI.
  - Contract assets.
- The entity measures loss allowances at an amount equal to lifetime ECLs.
- Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.
- When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Entity considers reasonable and supportable information that is relevant and available without undue cost or effort based in the entity's historical experience and forward looking information.
- The entity considers a financial asset to be in default when:
  - The client is unlikely to pay its credit obligations to the entity in full, without recourse by the entity to actions such as realizing security (if any); or
  - The financial asset is more than 360 days past due.
- Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.
- A financial asset is written of when there is no reasonable expectation of recovering the contractual cash flows. The entity writes of the gross carrying amount of the financial asset in case of, liquidation, bankruptcy or issuance of a court ruling to reject the claim for financial asset.

- **Offices held for sale**

- Offices held for sale are measured at the lower of cost and net realizable value.
- Offices held for sale costs comprise all costs of conversion and other costs incurred to acquire the lands by the company.
- Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

- Lands held for sale

- Lands held for sale are measured at the lower of cost and net realizable value.
- Lands held for sale costs comprise all costs of conversion and other costs incurred to acquire the lands by the company.
- Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

- 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 entity over their estimated useful life of 50 years.
- 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
	%
Office	4
Decoration	15
Furniture	10
Computers and software	25
Office and electrical equipments	10-15
Transport means	15
Models	20

- 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, impairment 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.
  - Amount paid to build up property and equipment are initially carried to projects under construction account. When the project becomes ready for use, it will be transferred to property and equipment caption.
- **Impairment of non-financial assets**
- At each statement of financial position date, management reviews the carrying amounts of its non-financial assets (property 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.
- **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.

**Lands and properties sale**

Revenue is recognized from land and properties sale when sign the contract of sale and the land or property shall not be surrendered to the competent authorities unless the full collection of the land or property has been completed.

**Dividend and interest revenue**

Dividend revenue from investments is recognized when the shareholder's right to receive payment is established.

- **Lease contracts**

Assets held under finance leases are initially recognized as assets and liabilities of the entity at the lower of the fair value of the assets and the present value of the minimum lease payments discounted at the entity's incremental rate. Any initial direct costs of the lessee are added to the amount recognized as an asset. The corresponding liability to the lessor is included in the entity's statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to produce a constant rate of interest on the remaining balance of the liability. Lease finance charges are recognized as expenses. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Initial direct costs incurred in connection with leasing activities by the entity are added to the amount of recognized assets.

- **The entity is a lessor**

Lease agreements are classified as finance leases when the terms of the contract transfer all the risks and rewards of ownership to the lessee. Other types of lease agreements are classified as operating leases. Classification of leases is made at the inception of the lease contract.

Lease income from operating lease is recognized in income on a straight-line basis over the term of the relevant lease. Initial direct costs incurred by the entity in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Assets leased under operating leases are depreciated based on the same depreciation policy adopted by the entity for similar assets..

- **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 Jordanian laws and regulations.

- Some temporary differences arise when expense or income is included in accounting profit in one period while is included in taxable profit in a different period, therefore, deferred tax liability (asset) is recognized, which is, expected to be settled (recovered) in future financial periods as a result of the differences between the value of assets or liabilities in the statement of financial position on which basis the tax is calculated.

- **Basic earnings per share**

Basic earnings per share is calculated by dividing profit or loss, attributable to ordinary shareholders, by the weighted average number of ordinary shares outstanding during the year.

- **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.

Notes to the consolidated financial statement for the year ended December 31, 2023

3. Trade receivables

	2023	2022
	JD	JD
Checks under collection	36,813	31,478
Trade receivables	18,124	18,125
<b>Total</b>	<b>54,937</b>	<b>49,603</b>

4. Other debit balances

	2023	2022
	JD	JD
Notes receivable	123,487	123,487
Less: Allowance for expected credit losses of notes receivable	(123,486)	(123,486)
<b>Notes receivable, net</b>	<b>1</b>	<b>1</b>
Prepaid expenses	3,001	2,577
Prepaid to income and sale tax department	1,876	1,876
Other receivables ,net (*)	1,500	590
Refundable deposits	890	890
<b>Total</b>	<b>7,268</b>	<b>5,934</b>

(\*) Other receivables, net item consist of the following:

	2023	2022
	JD	JD
Others	1,500	1,360
Less: Allowance for expected credit losses (*/*)	-	(770)
<b>Net</b>	<b>1,500</b>	<b>590</b>

(\*/\*) Movement on Allowance for expected credit losses of other receivables during the year was as the following:

	2023	2022
	JD	JD
Balance - beginning of year	770	-
Provided during the year	-	770
Closing the receivable in the allowance	(770)	-
<b>Balance - end of year</b>	<b>-</b>	<b>770</b>

Notes to the consolidated financial statement for the year ended December 31, 2023

5. Offices held for sale

	2023	2022
	JD	JD
Balance - beginning of year	216,238	-
Transferred from project under construction	-	1,229,615
Offices sold during the year	(216,238)	(1,013,377)
<b>Balance - end of year</b>	<b>-</b>	<b>216,238</b>

6. Lands held for sale

	2023	2022
	JD	JD
Balance - beginning of year	3,835,549	3,278,296
Recovery of impairment in the value of lands held for sale	357,640	557,253
<b>Balance - end of year</b>	<b>4,193,189</b>	<b>3,835,549</b>

(\*) In the year 2020, an impairment in the value of land amounting to 931,057 Jordanian Dinars was recorded. A amount of 357,640 Jordanian Dinars was recovered during the year 2023 (amount of 557,253 Jordanian Dinars recovered in the year 2022). The remaining amount of impairment is 16,164 Jordanian Dinars, as of December 31, 2023.

(\*\*) The average market value for the lands held for sale as per the property experts' valuers dated on January 18 & 21, 2024 was JD 5,568,404 with an increase of JD 1,375,215.

7. Investment lands

	2023	2022
	JD	JD
Balance - beginning of year	3,581,122	3,581,122
Transferred to project under construction	(856,387)	-
<b>Balance - end of year</b>	<b>2,724,735</b>	<b>3,581,122</b>

The average market value for investment lands as per the property experts' valuers dated on January 21, 22 and 23, 2024 was JD 3,137,247 with an increase of JD 412,512.

8. Project under construction

- Project under construction movement during the year are as of the following:

	2023	2022
	JD	JD
Balance - beginning of year	-	3,371,666
Transfer from investment property item	856,387	-
Additions during the year	81,273	30,995
Less: Transfer to investment property item	-	(2,173,046)
Less: Transfer to offices held for sale item	-	(1,229,615)
<b>Balance - end of year</b>	<b>937,660</b>	<b>-</b>

Notes to the consolidated financial statement for the year ended December 31, 2023

9. Investment property

	Land (*)	Offices	Total
	JD	JD	JD
<b>2023</b>			
<b>Cost</b>			
Balance - beginning of year	1,438,380	734,666	2,173,046
Balance - end of year	1,438,380	734,666	2,173,046
<b>Accumulated depreciation</b>			
Balance - beginning of year	-	7,367	7,367
Depreciation	-	14,653	14,653
Balance - end of year	-	22,020	22,020
Net	1,438,380	712,646	2,151,026
<b>2022</b>			
<b>Cost</b>			
Balance - beginning of year	1,438,380	734,666	2,173,046
Balance - end of year	1,438,380	734,666	2,173,046
<b>Accumulated depreciation</b>			
Depreciation	-	7,367	7,367
Balance - end of year	-	7,367	7,367
Net	1,438,380	727,299	2,165,679

(\*) The above mentioned land represents the share of Istaj Real Estate Investments Company within Methaq towers project and for the part that has been created for leasing purposes, the land was purchased under a finance lease contract from the Specialized Leasing Company, which was owned by Methaq Real Estate Investment Company and registered under the name of the Specialized Leasing Company to ensure obtaining the necessary fund to implement an Istaj Real Estate Investments company project.



Notes to the consolidated financial statement for the year ended December 31, 2023

11. Other credit balances

	2023	2022
	JD	JD
Accrued interests and not paid	166,938	69,219
Shareholders deposits	124,986	138,654
Received in advance from clients	85,389	85,056
Contractor payable	72,618	112,672
Others	41,165	41,975
Deposits for complex services	15,088	13,444
Accrued expenses	9,373	2,962
Revenue received in advance	2,282	19,268
Deferred checks	2,120	14,046
Income tax provision (*)	-	13,355
Employees payable	-	10,845
Social security deposits	-	2,526
National contribution deposits	-	1,490
Income and sales tax deposits	-	1,315
<b>Total</b>	<b>519,959</b>	<b>526,827</b>

(\*) Movement on income tax provision during the year are as the following:

	2023	2022
	JD	JD
Balance - beginning of year	13,355	-
Provided during the year from prior years	44,282	-
Provided during the year	-	13,355
Paid during the year	(57,637)	-
<b>Balance - end of year</b>	<b>-</b>	<b>13,355</b>

(\*/\*) Income tax that appear in the comprehensive income statement represent the following:

	2023	2022
	JD	JD
Deferred tax assets	-	16,446
Accrued income tax for year profit	-	13,355
<b>Total</b>	<b>-</b>	<b>29,801</b>

Notes to the consolidated financial statement for the year ended December 31, 2023

(\*\*/\*) The movement for deferred tax assets during the year was as following:

	2022	2022
	JD	JD
Balance - beginning of year	101,822	118,268
Disposals	-	(16,446)
Balance - end of year	<u>101,822</u>	<u>101,822</u>

(\*\*/\*) Tax status for subsidiaries have not been settled with the Tax Department, their tax detail were as follows:

Company Name	Years that tax status have not settled
Istaj Real Estate Investment Company	2022
Al-Quonitrah for Property Development Co	2019 and 2022
Forth Methaq for Property Development Co	2019 and 2020
Third Methaq Real Estate Investment Co.	2017, 2019, 2020, and 2022

- Based on management and tax consultant opinion there is no need to create provisions, and the deferred tax assets will be deducted from the department in subsequent years if the company achieves profits, note that all tax returns were submitted to the department within the legal period and up to date.

(\*\*) The movement for national contribution provision during the year are as following:

	2023	2022
	JD	JD
Balance - beginning of year	1,490	-
Provided during the year on prior years	1,392	-
Provided during the year	-	1,490
Paid during the year	(2,882)	-
Balance - end of year	<u>-</u>	<u>1,490</u>

## 12. Obligation against finance lease

Company Name	Compliance ceiling	First payment date	Last payment date	2023			2022
				Current	Non-current	Total	Total
				JD	JD	JD	JD
The Specialized Leasing Company	1,993,100	May 26, 2024	-	942,319	-	942,319	1,002,319
Etihad leasing company	1,640,003	August 5, 2024	August 5, 2024	74,729	75,271	150,000	-
<b>Total</b>				<u>1,017,048</u>	<u>75,271</u>	<u>1,092,319</u>	<u>1,002,319</u>

13. Statutory reserve

Parent company (public shareholding company)

- 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 statutory reserve, and to rebuild it in accordance with the provisions of the law.

Subsidiaries company (limited liability)

- 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. 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 statutory reserve, and to rebuild it in accordance with the provisions of the law.

14. Investment property expenses

	<u>2023</u>	<u>2022</u>
	JD	JD
Depreciation of investment property	14,653	7,367
Complex services expense	3,463	1,423
Total	<u>18,116</u>	<u>8,790</u>

15. Other revenues

	<u>2023</u>	<u>2022</u>
	JD	JD
Gain on sale of property and equipment	61,015	-
Land rent revenue	22,986	21,982
Others	10,250	510
Total	<u>94,251</u>	<u>22,492</u>

16. Administrative expenses

	2023	2022
	JD	JD
Salaries, wages and related benefits	165,390	167,235
Government fees and licenses	32,935	4,006
Social security contribution	18,888	22,676
Professional fees	18,025	14,900
Depreciation	13,277	10,468
Subscriptions	10,650	11,650
Vehicles	7,734	8,694
Fines	4,753	1,395
Health insurance	3,113	2,710
Banking	2,005	312
Water, electricity and fuel	1,505	1,012
Communication	1,326	1,376
Miscellaneous	1,316	1,248
Donations	1,000	-
Meetings	915	300
Services	880	-
Hospitality	666	731
Stationery and printing	396	419
Cleaning	362	164
Maintenance	354	1,148
Marketing	300	1,548
Transportation	212	193
Advertisement	201	750
Insurance	46	-
Rents	-	4,820
Expected credit losses	-	770
<b>Total</b>	<b>286,249</b>	<b>258,525</b>

17. Basic profit per share

	2023	2022
	JD	JD
Profit of the year	285,628	920,895
Weighted average number of shares	9,500,000	9,500,000
Basic profit per share	JD -/030	JD -/097

18. Legal cases

According to the lawyer letter, there are legal cases raised by the company against others as at the balance sheet date amounting to JD 160,112 and those legal cases are still pending with the competent courts.

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.

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 entity is not exposed to interest risk.

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.
- The entity is not exposed to other price risks.

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.
- Credit policies are maintained to state dealing with only creditworthy parties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.
- 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.
- 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:

Description	Less than a year		More than a year	
	2023	2022	2023	2022
	JD	JD	JD	JD
<b>Financial assets:</b>				
Current accounts at banks	33,763	14,085	-	-
Accounts receivable	51,937	49,603	-	-
Other debit balances	1,267	3,357	-	-
<b>Total</b>	<b>92,967</b>	<b>67,045</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities:</b>				
Other credit balances	432,288	407,658	-	-
Obligation against finance lease	1,017,048	1,002,319	75,271	-
Deferred checks - long term portion	-	-	-	1,533
<b>Total</b>	<b>1,449,336</b>	<b>1,409,977</b>	<b>75,271</b>	<b>1,533</b>

**20. Financial statement for the subsidiary**

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

Company name	Paid capital	Total assets	Total liabilities	Retained earnings	
				(accumulated losses)	Profit (loss) the year
	JD	JD	JD	JD	JD
Isiaj Real Estate Investment Co.	10,000	3,153,919	2,714,501	419,418	(39,186)
Forth Methaq for property development Co.	10,000	999,939	768,939	211,000	127,692
Third Methaq Real Estate Investment Co.	10,000	3,208,130	2,532,200	655,930	313,770
Al-Quonitrah for Property Development Co.	10,000	2,633,822	2,630,173	(6,351)	(3,152)

**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.