

Real Estate Development Company
Public Shareholding Company
Amman– Jordan

Interim condensed consolidated Financial Statements

31 March 2021

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Public Shareholding Company
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WISE AUDITORS

JCPA-Audit - Consultancy - Training

Independent Auditor's Review Report

To the Real Estate Development Company

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of Real Estate Development (a Public Shareholding Company and its subsidiaries (The "Group")) as of March 31, 2021 and the related consolidated condensed interim statements of profit and loss, and comprehensive income, changes in owners' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for preparation and fair presentation of this consolidated condensed interim financial information in accordance with the international accounting standard (34) "Interim Financial Reporting" as adopted by company, our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects, in accordance with amended International Accounting Standard (34) "Interim Financial Reporting" as adopted by company.

Other Matter

The accompanying condensed consolidated interim financial statements are a translation of the statutory financial statements in Arabic language to which reference should be made.

Emphasis of a Matter

the accompanying condensed interim 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.

WISE AUDITORS

Amman- Jordan

Adnan AbdelMawala


عبدنار عبدالمولى
إجازة رقم 607
محاسب قانوني

As on April 29th 2021

Real Estate Development Company
Public Shareholding Company
Amman– Jordan

Interim condensed consolidated statement of financial position as of 31 March 2021

<u>Assets</u>	31 March 2021	31 December 2020
Non – Current Assets		
Real Estate Investment	13,678,391	13,738,738
Property and equipment	42,304	42,050
Financial assets at fair value through income statement	3,869,621	3,838,535
Financial assets measured at fair value through other comprehensive income	1,362,641	1,004,171
Investment in associate companies	1,188,884	1,188,211
Projects under construction	877,929	877,929
Amounts due from related parties – long term	10,275,675	10,231,864
Properties under development	2,524,786	2,524,786
Total Non – Current Assets	33,820,231	33,446,284
Current Assets		
Lands held for sale	11,525,499	11,525,499
Other current assets	8,329	14,391
Accounts receivable	308,409	306,670
Financial assets at fair value through income statement	1,599,790	1,129,948
Checks under collection – short term	120,000	240,000
Cash and cash equivalents	703,633	568,615
Total Current Assets	14,265,660	13,785,123
Total Assets	48,085,891	47,231,407

"The accompanying notes are an integral part of these statements"

Real Estate Development Company
Public Shareholding Company

Interim condensed consolidated statement of financial position as of 31 March 2021

Equity and Liabilities	31 March 2021	31 December 2020
Shareholders' Equity		
Paid – in capital	49,625,545	49,625,545
Statutory reserve	436,517	436,517
Parent company's shares owned by subsidiaries	(2,889,115)	(2,889,115)
fair value reserve	(1,660,140)	(1,902,982)
Accumulated losses	(20,092,960)	(20,365,640)
Total Shareholders' Equity	25,419,847	24,904,325
Non-controlling interests	11,382,757	11,119,894
Total Equity	36,802,604	36,024,219
Liabilities		
Non – Current Liabilities		
Bank facilities – long term	3,248,358	3,285,701
Amounts due to related parties – long term	5,168,398	5,252,842
Total Non – Current Liabilities	8,416,756	8,538,543
Current Liabilities		
Bank facilities – short term	632,048	533,335
Accounts payable	278,920	437,448
Obligation against shares repurchase agreement	200,000	200,000
Unearned revenues	393,228	390,603
Other current liabilities	1,362,335	1,107,259
Total Current Liabilities	2,866,531	2,668,645
Total Liabilities	11,283,287	11,207,188
Total Equity and Liabilities	48,085,891	47,231,407

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Real Estate Development Company

Public Shareholding Company

Amman– Jordan

**Interim condensed consolidated income statement for the three months ended at 31
March 2021**

	31 March 2021	31 March 2020
Profit from sale of lands, net	28,764	150,506
Valuation gain (loss) of financial asset at fair value through income statement	486,242	(149,067)
Losses on sale of financial assets at fair value through income statement	892	
Company's share from associate companies operations	(5,041)	(32,874)
Administrative expenses	(87,216)	(89,153)
Finance costs	(74,564)	(103,665)
Other expenses and revenues, net	77,380	(142,559)
Profit/Loss for the period	426,457	(366,812)
Attributable to :		
Shareholders of the company	272,680	(334,118)
Non-controlling interests	153,775	(32,694)
Total	426,455	(366,812)
Basic and diluted losses per share	0.006	(0.007)

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Real Estate Development Company

Public Shareholding Company

Amman– Jordan

**Interim condensed consolidated comprehensive income statement for
the three months ended at 31 March 2021**

	31 March 2021	31 March 2020
Loss/profit for the period	426,457	(366,812)
Other comprehensive income items:		
Changes in fair value of financial assets through other comprehensive income	351,924	(93,111)
Company's share from other comprehensive income of associate companies		13,809
Total comprehensive loss for the period	<u>778,381</u>	<u>(446,114)</u>
Attributable to :		
Shareholders of the company	515,518	(385,072)
Non-controlling interests	262,863	(61,042)
Total	<u>778,381</u>	<u>(446,114)</u>

Real Estate Development Company
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Amman– Jordan

Interim condensed consolidated statement of changes in equity for the three months ended at 31 March 2021

	Paid – in capital	Statutory reserve	Parent company's shares owned by subsidiaries	fair value reserve	Accumulated losses *	Total shareholders' equity	Non–controlling interests	Total equity
Balance at 1 January 2020	49,625,545	370,748	(2,889,115)	(1,823,189)	(20,924,787)	24,359,202	11,228,748	35,587,950
Total comprehensive loss for the period				(50,954)	(334,118)	(385,072)	(61,042)	(446,114)
Balance at 31 March 2020	# 49,625,545	370,748	(2,889,115)	(1,874,143)	(21,258,905)	23,974,130	11,167,706	35,141,836
	Paid – in capital	Statutory reserve	Parent company's shares owned by subsidiaries	fair value reserve	Accumulated losses *	Total shareholders' equity	Non–controlling interests	Total equity
Balance at 1 January 2021	49,625,545	436,517	(2,889,115)	(1,902,982)	(20,365,640)	24,904,325	11,119,894	36,024,219
Total comprehensive loss for the period				242,842	272,680	515,522	262,863	778,385
Balance at 31 March 2021	49,625,545	436,517	(2889115)	(1660140)	(20092960)	25,419,847	11,382,757	36,802,604

Real Estate Development Company
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Amman– Jordan

Interim condensed consolidated statement of cash flows for the three months
ended at 31 March 2021
(In Jordanian Dinar)

	31 March	31 March
	2021	2020
Operating activities		
Loss for the period	426,457	(366,812)
Depreciation	1,580	455
Valuation(gain)loss of financial assets at fair value through income statement	242,842	149,067
Company's share from associate companies operations		32,874
Currency exchange differences		131,617
Profit/loss from sale of lands		(150,506)
Changes in working capital		
Financial assets at fair value through statement of profit or loss	(859,416)	
Accounts receivable	(1,739)	3,912
Other current assets	6,062	15,638
Other current liabilities	255,076	15,210
Accounts payable	(158,528)	10,540
Checks under collection	120,000	
Unearned revenues	2,625	12,397
Lands held for sale		(260,000)
Net cash flows used in operating activities	34,959	(405,608)
Investing activities		
Investment properties	60,347	627,869
Property and equipment	(1,834)	
Investment in associate companies	(673)	
Net cash flows from investing activities	57,840	627,869
Financing activities		
Bank facilities	61,370	103,666
Related parties	(128,255)	(144,317)
Non-controlling interests	109,104	
Net cash flows (used in) from financing activities	42,219	(40,651)
Changes in cash and cash equivalents	135,018	181,610
Cash and cash equivalents, beginning of year	568,615	24,954
Cash and cash equivalents, end of period	703,633	206,564

"The accompanying notes are an integral part of these statements"

Real Estate Development Company
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Notes to the condensed interim 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 shares are listed in Amman Stock Exchange – Jordan.

The accompanying condensed interim consolidated financial statements have been approved for issue by the company's Board of Directors on 29 April 2021.

2 . Summary of Significant Accounting Policies

Basis of Preparation The condensed interim consolidated financial statements of the company have been prepared in accordance with IAS (34) Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2020.

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

The condensed interim 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 period, except for the adoption of new and amended standards effective as at the beginning of the period.

Principles of Consolidation

The condensed interim consolidated financial statements comprise of the interim financial statements of the company and its subsidiaries where the company has the power to govern the financial and operating policies of the subsidiaries 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 interim consolidated statement of profit or loss 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 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%	10000	Housing construction
Al-Ula for Investment Management	100%	10000	Real estate development
Arab East Investments for Real Estate PLC	70%	9996082	Real estate development
Companies owned by Arab East Investments for Real Estate			
Daret Amman for Housing Projects LLC	83%	10000	Housing construction
Asrar for Real Estate Investments LLC	70%	10000	Real estate development
Dghaileeb for Real Estate Investments LLC	70%	10000	Real estate development
Al - Molheq for Real Estate Investments LLC	52%	10000	Real estate development
Noor Al Sharq for Real Estate Investments LLC	43%	10000	Real estate development
Al - Ifsah for Real Estate Investments LLC	35%	10000	Real estate development
Al - Fanneyyah Lelmantojat Al Kharasaneyah LLC	35%	10000	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 condensed interim 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.

Use of estimates

Preparation of the condensed interim consolidated financial statements and the application of accounting policies 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 interim 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).

3 . 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, 2018 ,2019 and 2020 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 and National Contribution tax provision has been taken on the Company's results of operations for the three months ended at 31 March 2021 as that most of the income results from non taxable income Re-evaluation income.

4 . Fair Value

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 interim statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability 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.

5 . The Impact of the New Corona Pandemic (Covid-19)

The outbreak of the new Corona virus (Covid-19) at the beginning of 2020 caused a global economic crisis and disrupted many companies and economic activities, which would negatively affect the financial position of the Company, the results of its operations and its cash flows, and given that the situation is changing and rapidly developing, the Company's management is unable to determine the likely impact of this outbreak on the Company's interim financial statements at this stage.