

Amwaj Properties Company
Public Shareholding Company
Consolidated Financial Statements
31 December 2020

**Amwaj Properties Company
Public Shareholding Company**

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INDEPENDENT AUDITOR'S REPORT

To The Shareholders of
Amwaj Properties Company
Public Shareholding Company
Amman - Jordan

Opinion

We have audited the consolidated financial statements of Amwaj Properties Company PLC, which comprise the consolidated statement of financial position as at 31 December 2020, 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 2020, 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.

Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis, and as indicated in the consolidated statement of financial position, the Company's current liabilities exceed its current assets by JOD (1.79) million, and its accumulated losses (including shares discount) represent 55% of its share capital, and the company suffers from financial difficulties due to the decrease in retail business and the withdrawal of many international brands from the Kingdom, this is in addition to the negative impact of Corona pandemic which resulted in the closure of many commercial centers and has forced lessors to grant rent concessions to lessees. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern, and its continuity depends on its ability to implement the management's plan disclosed in note No. (26), which includes establishing a four-star hotel in the available area in the mall, additionally the banks granted the company a grace period of (18) months for the facilities granted to the Company.

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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

(1) Provision for Expected Credit Loss

Included in the accompanying consolidated financial statements at the end of the year 2020 financial assets totaling JOD (3,743,533), as the provision for the expected credit loss of these financial assets are dependent on the management's estimates of different variables, the adequacy of the provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating the provision and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.

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 Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the 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.

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 we recommend the General Assembly to approve it.

14 March 2021
Amman – Jordan




Arab Professionals
Ibrahim Hammoudeh
License No. (606)

Amwaj Properties Company
Public Shareholding Company
Consolidated Statement of Financial Position
As at 31 December 2020
(In Jordanian Dinar)

Assets	Notes	2020	2019
Non – current assets			
Investment properties	3	81,113,946	82,821,343
Property and equipment	4	11,536	15,038
Investment in associate	5	21,232	97,582
Checks under collection - long term	6	52,988	39,034
Projects under construction	7	2,000	-
Total non – current assets		<u>81,201,702</u>	<u>82,972,997</u>
Current assets			
Accounts and notes receivables – short term	8	1,671,627	1,307,698
Checks under collection - short term	6	815,029	1,522,667
Amounts due from related parties	9	244,808	389,000
Other assets	10	243,412	255,041
Cash and cash equivalents	11	90,457	201,681
Total current assets		<u>3,065,333</u>	<u>3,676,087</u>
Total assets		<u>84,267,035</u>	<u>86,649,084</u>
Equity and Liabilities			
Equity			
	12		
Paid – in capital		30,000,000	30,000,000
Shares discount		(4,242,055)	(4,242,055)
Accumulated losses		(12,422,431)	(10,208,080)
Shareholders equity		13,335,514	15,549,865
Non - controlling interest		8,597,082	9,871,527
Net equity		<u>21,932,596</u>	<u>25,421,392</u>
Liabilities			
Non – current liabilities			
Credit facilities – long term	14	56,683,645	52,320,108
Deferred checks – long term		794,683	946,976
Total non - current liabilities		<u>57,478,328</u>	<u>53,267,084</u>
Current liabilities			
Credit facilities – short term	14	-	2,800,000
Deferred revenues		2,220,833	2,518,153
Accounts payable		1,109,556	1,094,017
Deferred checks – short term		859,793	1,033,750
Amounts due to related parties	9	258,438	-
Other liabilities	13	407,491	514,688
Total current liabilities		<u>4,856,111</u>	<u>7,960,608</u>
Total liabilities		<u>62,334,439</u>	<u>61,227,692</u>
Total equity and liabilities		<u>84,267,035</u>	<u>86,649,084</u>

“The accompanying notes from (1) to (27) are integral part of these consolidated financial statements”

Amwaj Properties Company
Public Shareholding Company
Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2020
(In Jordanian Dinar)

	Notes	2020	2019
Revenues	15	4,470,496	6,236,942
Operating expenses	16	<u>(3,836,602)</u>	<u>(4,512,139)</u>
Gross Profit		633,894	1,724,803
Administrative and marketing expenses	17	(566,472)	(527,216)
Finance expense		(3,350,167)	(3,638,339)
Provision for expected credit loss	8	(274,889)	(869,000)
Share from associate company's results	5	(76,350)	-
Other revenues		<u>145,188</u>	<u>76,195</u>
Total comprehensive loss for the year		<u>(3,488,796)</u>	<u>(3,233,557)</u>
Attributable to :			
Shareholders of the company		(2,214,351)	(2,055,589)
Non - controlling interest		<u>(1,274,445)</u>	<u>(1,177,968)</u>
		<u>(3,488,796)</u>	<u>(3,233,557)</u>
Basic and diluted losses per share for the year	18	<u>(0.074)</u>	<u>(0.069)</u>

"The accompanying notes from (1) to (27) are integral part of these consolidated financial statements"

Amwaj Properties Company
Public Shareholding Company
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2020

(In Jordanian Dinar)

	Paid - in capital	Shares discount	Accumulated losses	Shareholders equity	Non - controlling interest	Net equity
Balance at 1 January 2020	30,000,000	(4,242,055)	(10,208,080)	15,549,865	9,871,527	25,421,392
Total comprehensive loss for the year	-	-	(2,214,351)	(2,214,351)	(1,274,445)	(3,488,796)
Balance at 31 December 2020	<u>30,000,000</u>	<u>(4,242,055)</u>	<u>(12,422,431)</u>	<u>13,335,514</u>	<u>8,597,082</u>	<u>21,932,596</u>
Balance at 1 January 2019	30,000,000	(4,242,055)	(8,152,491)	17,605,454	11,049,495	28,654,949
Total comprehensive loss for the year	-	-	(2,055,589)	(2,055,589)	(1,177,968)	(3,233,557)
Balance at 31 December 2019	<u>30,000,000</u>	<u>(4,242,055)</u>	<u>(10,208,080)</u>	<u>15,549,865</u>	<u>9,871,527</u>	<u>25,421,392</u>

"The accompanying notes from (1) to (27) are integral part of these consolidated financial statements"

Amwaj Properties Company
Public Shareholding Company
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2020

(In Jordanian Dinar)

	2020	2019
Operating activities		
Loss for the year	(3,488,796)	(3,233,557)
Depreciation	1,804,913	1,801,969
Share from associate company's results	76,350	-
Provision for expected credit loss	274,889	869,000
Changes in working capital		
Accounts and notes receivables	(638,818)	627,967
Other assets	11,629	35,649
Checks under collection	693,684	(173,994)
Accounts payable	15,539	116,106
Other liabilities	(107,197)	(34,956)
Deferred checks	(326,250)	324,479
Deferred revenues	(297,320)	(250,655)
Net cash flows (used in) from operating activities	(1,981,377)	82,008
Investing activities		
Investment properties	(93,599)	(112,786)
Property and equipment	(415)	(3,439)
Projects under construction	(2,000)	(24,166)
Net cash flows used in investing activities	(96,014)	(140,391)
Financing activities		
Credit facilities	1,563,537	328,005
Amounts due from / to related parties	402,630	(303,881)
Net cash flows from financing activities	1,966,167	24,124
Changes in cash and cash equivalents	(111,224)	(34,259)
Cash and cash equivalents, beginning of year	201,681	235,940
Cash and cash equivalents, end of year	90,457	201,681

"The accompanying notes from (1) to (27) are integral part of these consolidated financial statements"

Amwaj Properties Company
Public Shareholding Company
Notes to the Consolidated Financial Statements
31 December 2020

(In Jordanian Dinar)

1 . General

Amwaj Properties Company PLC was established on 26 February 2008 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (449). The Company 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 have been approved for issue by the Company's Board of Directors on 14 March 2021.

2 . Summary of significant accounting policies

Basis of preparation consolidated financial statements

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.

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.

Basis of consolidation

The consolidated financial statements comprise of the financial statements of the parent and its subsidiary 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 subsidiary 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 subsidiary are eliminated.

Subsidiary is 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 subsidiary are consolidated in the statement of comprehensive income from the acquisition date which is the date on which control over subsidiary is transferred to the Company. The results of operation of the disposed subsidiary 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 subsidiary.

The following is the information of the subsidiary that have been consolidated:

<u>Company</u>	<u>Activity</u>	<u>Paid capital</u>	<u>Ownership</u>	<u>Registration country</u>
Al- Yaqout Real Estate Co. L.L.C	Real Estate	45,940,000	63.13%	Jordan

The above mentioned company is registered and operates inside of the Hashemite Kingdom of Jordan.

Adoption of new and revised IFRS standard

The following standard have been published that are mandatory for accounting periods after 31 December 2020. Management anticipates that the adoption of new and revised Standard will have no material impact on the consolidated financial statements of the Company.

<u>Standard No.</u>	<u>Title of Standard</u>	<u>Effective Date</u>
IFRS 17	Insurance Contracts	1 January 2023

Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, expenses and the provisions. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

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).

Property, plant and equipment

Property plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of profit or loss.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation is computed on a straight-line basis at annual depreciation rates:

Vehicles	10%
Computers and Software	20%
Furniture and Decoration	15-20%
Office Equipment	15%

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

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 less any accumulated depreciation and any accumulated impairment losses. The cost of constructed property includes the cost of material and any other costs directly attributed to bringing the property to a working condition for its intended use. Borrowing costs that are directly attributed to acquisition and construction of a property are included in the cost of that property.

Depreciation is computed on a straight-line basis at annual depreciation rates:

Buildings	2%
Electromechanical elevators and stairs	2-20%
Furniture and fixtures	10-15%
Tools and equipments	10-20%

Accounts receivable

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

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.

Where unrealized losses are eliminated; the underlying assets are also tested for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, deposits held at call with banks, other short - term highly liquid investments.

Accounts payables and accruals

Accounts payable and accrued payments are recognized upon receiving goods or performance of services.

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.

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.

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.

Rent revenue is recognized on the straight line method over the contract period.

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

Other revenues are recognized on the accrual basis.

Borrowing costs

Borrowing costs are generally expensed as incurred.

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 consolidated 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

	<u>Lands</u>	<u>Building</u>	<u>Electromechanical elevators and stairs</u>	<u>Furniture and decoration</u>	<u>Tools and equipments</u>	<u>Total</u>
Cost :						
Balance at 1/1/2020	29,643,963	43,386,500	20,619,485	189,279	175,095	94,014,322
Additions	-	88,574	1,031	1,422	4,135	95,162
Disposals	-	-	(1,563)	-	-	(1,563)
Balance at 31/12/2020	<u>29,643,963</u>	<u>43,475,074</u>	<u>20,618,953</u>	<u>190,701</u>	<u>179,230</u>	94,107,921
Accumulated depreciation :						
Balance at 1/1/2020	-	5,532,539	5,429,608	119,658	111,174	11,192,979
Depreciation	-	869,612	886,054	23,125	22,205	1,800,996
Balance at 31/12/2020	-	<u>6,402,151</u>	<u>6,315,662</u>	<u>142,783</u>	<u>133,379</u>	12,993,975
Net book value at 31/12/2020	<u>29,643,963</u>	<u>37,072,923</u>	<u>14,303,291</u>	<u>47,918</u>	<u>45,851</u>	<u>81,113,946</u>
Cost :						
Balance at 1/1/2019	29,643,963	43,293,515	20,689,537	175,980	162,286	93,965,281
Additions	-	87,397	21,107	2,587	12,609	123,700
Transfers	-	5,588	4,456	10,712	200	20,956
Disposals	-	-	(95,615)	-	-	(95,615)
Balance at 31/12/2019	<u>29,643,963</u>	<u>43,386,500</u>	<u>20,619,485</u>	<u>189,279</u>	<u>175,095</u>	94,014,322
Accumulated depreciation :						
Balance at 1/1/2019	-	4,665,348	4,632,402	94,152	88,985	9,480,887
Depreciation	-	867,191	881,907	25,506	22,189	1,796,793
Disposals	-	-	(84,701)	-	-	(84,701)
Balance at 31/12/2019	-	<u>5,532,539</u>	<u>5,429,608</u>	<u>119,658</u>	<u>111,174</u>	11,192,979
Net book value at 31/12/2019	<u>29,643,963</u>	<u>37,853,961</u>	<u>15,189,877</u>	<u>69,621</u>	<u>63,921</u>	<u>82,821,343</u>

- The above lands are mortgaged against the bank loans (first and second degree) and the company is forbidden to conduct any transaction (sale or mortgage) on these lands until full payment of the loan balance.
- 15% of the value of the lands and its buildings are not registered in the name of the company, but are registered in the name of an Islamic bank against a finance lease.
- The remaining part of the Company's land are restricted from use by the Income and Sales Tax Department.
- The fair value of the Investment properties (Galleria Mall) at the end of 2020 was JOD (107,709,560), according to an evaluation prepared by a licensed real estate valuator.

4 . Property and equipment

	Vehicles	Computers and software	Furniture and fixtures	Office equipment	Total
Cost :					
Balance at 1/1/2020	8,622	40,248	75,725	17,972	142,567
Additions	-	415	-	-	415
Balance at 31/12/2020	8,622	40,663	75,725	17,972	142,982
Accumulated depreciation :					
Balance at 1/1/2020	5,339	36,661	69,583	15,946	127,529
Depreciation	872	2,088	547	410	3,917
Balance at 31/12/2020	6,211	38,749	70,130	16,356	131,446
Net book value at 31/12/2020	2,411	1,914	5,595	1,616	11,536
Cost :					
Balance at 1/1/2019	8,622	37,359	71,346	17,972	135,299
Additions	-	2,889	550	-	3,439
Transfers	-	-	3,829	-	3,829
Balance at 31/12/2019	8,622	40,248	75,725	17,972	142,567
Accumulated depreciation :					
Balance at 1/1/2019	4,470	33,989	68,734	15,160	122,353
Depreciation	869	2,672	849	786	5,176
Balance at 31/12/2019	5,339	36,661	69,583	15,946	127,529
Net book value at 31/12/2019	3,283	3,587	6,142	2,026	15,038

5 . Investment in associate

The following table summarizes key financial information of the associate:

Associate Activity	Ownership	Assets	Liabilities
Investments in Shares	23%	104,690	11,281

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

Company	Beginning balance	Share of losses	Ending balance	Market value
Alsahraa for Investment and Development L.L.C	97,582	(76,350)	21,232	Not listed

6 . Checks under collection

This account includes checks deposited against credit facilities granted to the Company.

7 . Projects under construction

This item represents the cost of establishing and building the mall's hotel, the expected cost to complete this project is JOD (5) million. Currently the project is in the planning and feasibility study phase.

8. Accounts and notes receivable

	2020	2019
Rent receivables	2,542,133	2,010,310
Notes receivables	333,383	226,388
Provision for expected credit loss	<u>(1,203,889)</u>	<u>(929,000)</u>
	<u>1,671,627</u>	<u>1,307,698</u>

Movements on the provision for expected credit loss are as follows:

	2020	2019
Balance at the beginning of the year	929,000	60,000
Additions	<u>274,889</u>	<u>869,000</u>
	<u>1,203,889</u>	<u>929,000</u>

The age of receivables past due but not impaired is as follows:

	2020	2019
Receivables past due for less than one year	<u>1,671,627</u>	<u>1,307,698</u>

Management believes that all past due but not-impaired receivables are collectable.

9. Related party transactions

The Company had the following transactions with related parties during the year:

Party name	Relationship nature	Transaction volume	Transaction nature	Balance at year end	
				Debit	Credit
Txon for International Trading Co.	Sister Company	273,402	Operating	205,837	-
Amwaj for Commercial projects Co.	Non- controlling interest	1,400	Financing	30,815	-
Alsahraa for Investment and Development Co.	Associate Company	-	Financing	8,156	-
Fashion corner for General Trading Co.	Sister Company	414,848	Operating	-	258,438
				<u>244,808</u>	<u>258,438</u>

10. Other assets

	2020	2019
Refundable deposits	177,010	187,010
Prepaid expenses	21,387	22,030
Mall supplies	18,898	17,397
Employees receivables	17,652	18,564
Cash deposits	5,061	5,034
Sales tax withholding	3,098	200
Others	<u>306</u>	<u>4,806</u>
	<u>243,412</u>	<u>255,041</u>

11 . Cash and cash equivalents

	2020	2019
Current bank accounts	89,457	200,681
Cash on hand	1,000	1,000
	<u>90,457</u>	<u>201,681</u>

12 . Equity

Paid-in capital

The Company's authorized, subscribed and paid in capital is JOD (30,000,000) divided equally into (30,000,000) shares with par value of JOD (1) for each share as at 31 December 2020 and 2019.

Shares discount

The subsidiary company has increased its Capital several times during previous years, with a discount of (6,720,000) JOD, as at 31 December 2020 and 2019.

The following schedule show the increase on the Subsidiary company's capital, the total amount of shares discounts and the company's shareholders portion of shares discount.

Date of increase	Amount of increase	Discount percentage	Shares discount	The Company's shareholders portion from shares discount
19 May 2012	3,500,000	50%	1,750,000	1,104,702
2 June 2012	2,900,000	50%	1,450,000	915,324
26 September 2012	1,700,000	50%	850,000	536,569
19 December 2012	640,000	50%	320,000	202,003
23 September 2013	1,200,000	50%	600,000	378,755
4 November 2013	4,000,000	25%	1,000,000	631,258
2 March 2014	3,000,000	25%	750,000	473,444
	<u>16,940,000</u>		<u>6,720,000</u>	<u>4,242,055</u>

Non - controlling interest

This presents the non - controlling interest of the Company from the subsidiary shareholders equity, and the non - controlling interest is presented as a separate account into the consolidated statement of financial position and consolidated statement of other comprehensive income.

13 . Other liabilities

	2020	2019
Lessees refundable deposits	180,055	198,819
Projects under construction withholdings	92,156	92,156
Sales tax withholdings	-	80,050
Accrued expenses	7,734	70,833
Shareholders withholdings	1,869	1,869
Other withholdings	125,677	70,961
	<u>407,491</u>	<u>514,688</u>

14 . Bank facilities

Credit Type	Currency	Interest rate	Maturity date	Credit limit	Outstanding balance
Loans	JOD	3.5-5%	2022-2033	Undefined limit	44,911,891
Finance lease	JOD	3.5-5%	2022-2033	Undefined limit	11,632,096
Financing against checks discount	JOD	10.5%	2022	1,000,000	139,658
					56,683,645

- On November 19, 2020, the loans were rescheduled, payments to be in semi-annual installments ending at 2033 after a grace period for (18) months. Interest in 2021 will be capitalized to loan principal and the interest rate will be ranging from (3.5% - 5%) during the payment period. The approval of the Central Bank of Jordan is still pending on the restructuring.
- On January 31, 2021, the finance lease restructuring was approved according to Instructions and terms agreed with Safwa Islamic Bank, the Murabaha rate, will be ranging from (3.5% - 5%), during the payment periods which will be paid in semi - annual installments ending at 2033. The approval of the Central Bank of Jordan is still pending on the restructuring.
- The credit facilities granted to the company are guaranteed by the Company's Investments properties and part of checks under collection.

15 . Revenues

	2020	2019
Shops rent	3,454,354	4,806,808
Lessees services revenues	286,498	410,377
Power meters revenues	259,327	412,030
Booths rent	242,381	313,571
Offices rent	81,930	77,887
Advertisement revenues	145,716	216,228
Other revenues	290	41
	4,470,496	6,236,942

16 . Operating expenses

	2020	2019
Salaries, wages and other benefits	356,874	388,261
Social security	39,099	49,863
Depreciation (Note 3)	1,800,996	1,796,793
Utilities	669,104	935,744
Governmental and property tax	573,298	796,725
Cleaning	199,073	237,966
General maintenance	53,941	49,182
Non - refundable sales tax	48,770	61,195
Consumable materials	41,613	51,335
Transportation of consumable and damaged materials	22,975	26,520
Insurance	20,528	20,264
Telecommunications and internet	2,561	2,320
Fees and subscriptions related to Amman Municipality	7,653	85,204
Hospitality	-	4,540
Miscellaneous	117	6,227
	3,836,602	4,512,139

17 . Administrative and marketing expenses

	<u>2020</u>	<u>2019</u>
Salaries, wages and other benefits	187,609	213,134
Social security	9,379	14,393
Professional fees	138,871	49,785
Yaqout Company's president fees	96,000	96,000
Activities expenses	35,739	56,194
Fees and subscriptions	29,572	22,014
Medical expenses	8,672	8,906
Hospitality	7,243	7,506
Stationary	7,037	8,145
Telecommunications and internet	6,610	3,339
Advertisement	6,304	14,709
Vehicles expenses	4,026	3,796
Depreciation (Note 4)	3,917	5,176
Computers and software maintenance	1,569	1,898
Companies controller fees	600	600
General Assembly expenses	-	4,461
Miscellaneous	23,324	17,160
	<u>566,472</u>	<u>527,216</u>

18 . Basic and diluted losses per share

	<u>2020</u>	<u>2019</u>
Loss for the year attributable to the shareholders of the Company	(2,214,351)	(2,055,589)
Weighted average number of shares	<u>30,000,000</u>	<u>30,000,000</u>
	<u>(0.074)</u>	<u>(0.069)</u>

19 . Segment reporting

The main objective of the company is to rent spaces inside a commercial mall in the Hashemite Kingdom of Jordan.

20 . Tax status

- The Company has settled its tax liability with Income Tax Department up to the year ended 2017.
- The income tax returns for the years 2018 and 2019 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 year 2020 as there are accumulated taxable losses.

21 . Law suits

The Company is contingently liable against several law suits amounted to JOD (3,129,026). Management and legal counsel believe that the outcome of these cases will not have a material impact on the financial position of the company.

22 . Contingent liabilities

The company is contingently liable against bank letters of guarantees amounting to JOD (79,990).

23 . Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, accounts receivables, checks under collection, amounts due from related parties, notes receivables and other assets. Financial liabilities of the Company include deferred checks, accounts payables, credit facilities, amounts due to related parties, deferred revenues and other liabilities.

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.

24 . Financial risk management

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 Company's most significant customer balance is JOD (217,813) of the accounts receivable as at 31 December 2020 (2019: JOD 176,476).

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 liquidity and keeping adequate balances of cash, and cash equivalents.

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

2020	Less than one year	More than one year	Total
Credit facilities	-	56,683,645	56,683,645
Deferred checks	859,793	794,683	1,654,476
Deferred revenues	2,220,833	-	2,220,833
Accounts payable	1,109,556	-	1,109,556
Amounts due to related parties	258,438	-	258,438
Other liabilities	407,491	-	407,491
	4,856,111	57,478,328	62,334,439
2019	Less than one year	More than one year	Total
Credit facilities	2,800,000	52,320,108	55,120,108
Deferred checks	1,033,750	946,976	1,980,726
Deferred revenues	2,518,153	-	2,518,153
Accounts payable	1,094,017	-	1,094,017
Other liabilities	514,688	-	514,688
	7,960,608	53,267,084	61,227,692

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.

Currency risk

The management considers that the Company is not exposed to significant currency risk. The majority of their transactions and balances are in either Jordanian Dinar or 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.

25 . 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 Investing the Company's assets commensurately with the level of risk.

26 . Material uncertainty related to going concern

The accompanying consolidated financial statements have been prepared on a going concern basis, and as indicated in the consolidated statement of financial position, the Company's current liabilities exceed its current assets by JOD (1.79) million, and its accumulated losses (including shares discount) represent 55% of its share capital, and the company suffers from financial difficulties due to the decrease in retail business and the withdrawal of many international brands from the Kingdom, this is in addition to the negative impact of Corona pandemic which resulted in the closure of many commercial centers and has forced lessors to grant rent concessions to lessees. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern, and its continuity depends on its ability to implement the following plan which includes establishing a four-star hotel in the 2nd till 5th floor and to move the rented stores to other locations in the mall in order not to lose the revenues of these stores. The project will be financed by the partners of Al-Yaqout Real Estate Co. LLC, and is expected to start operations at the beginning of 2022. More over approval from banks were issued to grant the Company a grace period of (18) months and is currently waiting for the Central Bank of Jordan approval for restructuring.

27 . 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 had negatively affected the financial position of the Company, the results of its operations and its cash flows.