

Almehanya For Real Estate Investments & Housing Co.

Public Shareholding Company

Condensed Interim Consolidated Financial Statements (Unaudited)

30 June 2023

**Almehanya For Real Estate Investments & Housing Co.
Public Shareholding Company**

	<u>Pages</u>
- Report on review of the condensed interim consolidated financial statements	2
- Interim consolidated statement of financial position	3
- Interim consolidated statement of comprehensive income	4
- Interim consolidated statement of changes in equity	5
- Interim consolidated statement of cash flows	6
- Notes to the condensed interim consolidated financial statements	7 - 9



Report on Review of the Condensed Interim Consolidated Financial Statements

To The Board of Directors
Almehanya For Real Estate Investments & Housing Co.
Public Shareholding Company
Amman - Jordan

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of **Almehanya For Real Estate Investments & Housing Co. PLC**, comprising of the interim consolidated statement of financial position as at 30 June 2023 and the related interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-months period then ended and the notes about condensed interim consolidated financial statements. Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard number (34) "Interim Financial reporting". Our responsibility is to express a conclusion on this condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements number (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim consolidated 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.

Emphasis matter

The accompanying condensed interim consolidated financial statements include a lands held for sale amounting to JOD (3,710,268) not registered in the name of the Company.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements as at 30 June 2022 are not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

18 July 2023
Amman - Jordan



Arab Professionals
Amin Samara
License No. (481)

Almehanya for Real Estate Investments & Housing Co.
Public Shareholding Company
Interim consolidated statement of financial position as at 30 June 2023
(In Jordanian Dinar)

	Notes	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Assets			
Non - Current Assets			
Investment in joint venture		184,038	138,719
Right of use assets		21,013	29,318
Property and equipment		62,299	72,000
Long term interests in joint venture		5,274,028	5,408,486
Long term accounts receivable		1,270,145	936,859
Long term checks under collection		72,564	438,644
Total Non - Current Assets		6,884,087	7,024,026
Current Assets			
Lands held for sale		18,545,002	19,018,910
Properties held for sale		1,966,451	2,266,450
Other current assets		101,673	62,554
Due from related party		3,887	-
Accounts receivable		1,188,685	1,391,093
Checks under collection		74,942	118,214
Financial assets at fair value through profit or loss		2,186,146	2,337,179
Deposits at Islamic bank		2,269,901	2,266,069
Cash and cash equivalents		586,158	435,344
Total Current Assets		26,922,845	27,895,813
Total Assets		33,806,932	34,919,839
Equity and Liabilities			
Equity			
	3		
Paid - in capital		29,427,200	29,427,200
Statutory reserve		684,792	684,792
Shares owned by subsidiary company		(495,251)	(495,251)
Retained earnings		683,608	1,269,261
Equity Attributable to the Owners of the Company		30,300,349	30,886,002
Non - controlling interests		734,478	761,077
Total Equity		31,034,827	31,647,079
Liabilities			
Non - Current Liabilities			
Deferred revenues		501,181	501,181
Lease obligation - long term		3,884	13,604
Total Non - Current Liabilities		505,065	514,785
Current Liabilities			
Amounts due to shareholders		2,172,288	2,309,561
Advance payments received against properties and lands sale		3,000	142,654
Lease obligation - short term		19,618	22,729
Other liabilities		72,134	283,031
Total Current Liabilities		2,267,040	2,757,975
Total Liabilities		2,772,105	3,272,760
Total Equity and Liabilities		33,806,932	34,919,839

“The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report”

**Almehanya For Real Estate Investments & Housing Co.
Public Shareholding Company**

Interim consolidated statement of comprehensive income for the six months ended at 30 June 2023 (Unaudited)

(In Jordanian Dinar)

	Note	For the six months ended		For the three months ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
Net properties and lands sales		1,086,632	2,674,323	216,970	677,039
Properties and lands cost of sales		(773,906)	(2,403,746)	(107,844)	(466,180)
Gross profit		312,726	270,577	109,126	210,859
Administrative expenses		(225,660)	(234,497)	(100,203)	(109,635)
Marketing expenses		(46,869)	(35,500)	(24,176)	(17,821)
Management and maintenance real estate expenses		(10,158)	(25,387)	(4,058)	(16,190)
Morabaha income		56,026	55,028	26,624	22,572
Changes in financial assets at fair value through profit or loss		33,268	104,266	(78,124)	(68,940)
Dividends		138,615	152,306	138,615	152,306
Gain from sale of financial assets at fair value through profit or loss		10,750	2,975	550	-
Allocated expenses to Joint Venture		7,500	7,500	3,750	3,750
Company's share from investment in joint venture		45,315	37,132	23,538	18,434
Morabaha expense for finance lease		-	(5,363)	-	(1,801)
Brokerage commissions		(1,209)	(396)	(63)	-
Real estate rent revenues, net		-	1,518	-	759
Other revenues		3,594	-	1,594	-
Profit for the period before income tax		323,898	330,159	97,173	194,293
Income and National contribution tax expense for the period		(37,206)	(945)	(6,352)	(432)
Prior years' income (tax) returns	3	257	(15,516)	257	(15,516)
Total comprehensive income for the period		286,949	313,698	91,078	178,345
Attributable to :					
Shareholders of the Company		283,610	312,713	88,895	175,815
Non - controlling interest		3,339	985	2,183	2,530
		286,949	313,698	91,078	178,345
Basic and diluted earnings per share for the period		0.01	0.009	0.003	0.005

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"

Almehanya For Real Estate Investments & Housing Co.
Public Shareholding Company
Interim consolidated statement of changes in equity for the six months ended at 30 June 2023 (Unaudited)
(In Jordanian Dinar)

	Paid - in Capital	Statutory Reserve	Shares Owned By Subsidiary Company	Retained earnings *	Net Shareholders Equity	Non - Controlling Interests	Total Equity
Balance at 1 January 2023	29,427,200	684,792	(495,251)	1,269,261	30,886,002	761,077	31,647,079
Dividends (Note 3)	-	-	-	(869,263)	(869,263)	-	(869,263)
Total comprehensive income for the period	-	-	-	283,610	283,610	3,339	286,949
Non - controlling interests	-	-	-	-	-	(29,938)	(29,938)
Balance at 30 June 2023	29,427,200	684,792	(495,251)	683,608	30,300,349	734,478	31,034,827
Balance at 1 January 2022	33,440,000	559,548	(556,857)	402,738	33,845,429	1,344,361	35,189,790
Total comprehensive income for the period	-	-	-	312,713	312,713	985	313,698
Non - controlling interests	-	-	-	-	-	(444,214)	(444,214)
Balance at 30 June 2022	33,440,000	559,548	(556,857)	715,451	34,158,142	901,132	35,059,274

* Retained earnings as at 30 June 2023 include unrealized gains relate to changes in fair value of financial assets at fair value through profit or loss amounting to JOD (33,268) which are not allowed to be distributed to shareholders.

“The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report”

Almehanya For Real Estate Investments & Housing Co.
Public Shareholding Company
Interim consolidated statement of cash flows for the six months ended at 30 June 2023 (Unaudited)
(In Jordanian Dinar)

	30 June 2023	30 June 2022
Operating Activities		
Profit for the period before income tax	323,898	330,159
Depreciation	11,316	9,094
Changes in fair value of financial assets through profit or loss	(33,268)	(104,266)
Right of use depreciation	8,306	8,306
Lease obligation interest	962	1,664
Company's share from investment in Joint Venture	(45,315)	(37,132)
Allocated expenses to joint venture	(7,500)	(7,500)
Provision for sold real estate development	-	15,663
Changes In Working Capital		
Financial assets at fair value through profit or loss	184,301	60,898
Accounts receivable and checks under collection	278,474	(154,291)
Other current assets	(42,951)	(29,134)
Due from related party	(3,887)	-
Other liabilities	(48,560)	(44,305)
Advance payments received against properties and lands sale	(139,654)	787
Lands held for sale	473,908	(1,194,104)
Properties held for sale	299,999	1,991,963
Income tax paid	(199,286)	(156,425)
Net Cash Flows From Operating Activities	1,060,743	691,377
Investing Activities		
Investment and long term interests in joint venture	141,953	146,649
Deposits at Islamic Bank	-	(554,595)
Property and equipment	(1,615)	(6,375)
Investment properties	-	67,195
Net Cash Flows From (Used in) Investing Activities	140,338	(347,126)
Financing Activities		
Amounts due to shareholders	(137,273)	(56,090)
Dividends	(869,263)	-
Finance lease obligation	-	(152,869)
Non - controlling interests	(29,938)	(444,214)
Lease obligation	(13,793)	(12,669)
Net Cash Flows Used in Financing Activities	(1,050,267)	(665,842)
Net Changes in Cash and Cash Equivalents	150,814	(321,591)
Cash and cash equivalents, beginning of year	435,344	812,927
Cash and Cash Equivalents, end of period	586,158	491,336

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"

Almehanya For Real Estate Investments & Housing Co.
Public Shareholding Company
Notes to the condensed interim consolidated financial statements (Unaudited)
30 June 2023

(In Jordanian Dinar)

1 . General

Almehanya for Real Estate Investments & Housing Co. was established as a Public Shareholding Company on 1 February 2007 under registration number (428) and commenced operation on 14 August 2007 in the Hashemite Kingdom of Jordan.

The Company's main activities are property investment, real estate development and real estate management, establishing and constructing housing projects.

According to the Company's code of establishment the Company must follow the Islamic Religion Rules in all its operations.

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

The condensed interim consolidated financial statements have been approved for issue by the Company's Board of Directors on 18 July 2023.

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 number (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 2022.

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

The condensed interim consolidated financial statements are presented in Jordanian Dinar "JOD" 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 year.

Principles of Consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries where the Company has the power to govern the financial and operating policies of the 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 statement of comprehensive income from the acquisition date which is the date on which control over subsidiaries is transferred to the Company. The results of operation of the disposed subsidiaries are consolidated in the comprehensive income to the disposal date which is the date on which the Company loses control over the subsidiaries.

Almehanya For Real Estate Investments & Housing Co. PLC
Notes to the condensed interim consolidated financial statements (Unaudited)
30 June 2023

The following subsidiaries have been consolidated:

<u>Company</u>	<u>Capital</u>	<u>Ownership</u>	<u>Activity</u>
Sakhaa for multiple investments Co.	15,000	100%	Trading in financial assets
Tal Al Romman for investments and real estate development Co.	15,000	100%	Real estate development
Al Theheba Al Gharbeia for investments and real estate development Co.	15,000	100%	Real estate development
Taamol for investments and real estate development Co.	15,000	100%	Real estate development
Al Beshery for investments and real estate development Co.	15,000	100%	Real estate development
Daheyat Al Beshery for housing Co.	10,000	75%	Real estate development
Daheyat Tabarbor for housing Co.	10,000	75%	Real estate development
Al Marhafaia for investment property Co.	10,000	100%	Real estate development

Use of Estimates

The preparation of the condensed interim 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 these 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 . Equity

Paid - in Capital

The General Assembly of the Company decided in its extraordinary meeting held on 11 April 2023, to decrease the company's capital by (7%) through returning cash to the shareholders amounting to JOD (2,059,904), the decrease procedures have not been completed with all legal authorities until the accompanying condensed interim consolidated financial statements date.

Dividends

The General Assembly has resolved in its meeting held on 11 April 2023 to distribute (3%) cash dividends to the shareholders.

4 . Tax Status

- The Company has settled its tax liability with Income Tax Department up to the year ended 2021 except for the years 2018 and 2020.
- The income tax returns for the years 2018, 2020 and 2022 has been filed with the Income Tax Department but the Department has not reviewed the company's records till the date of this report.
- The Income and National Contribution Tax provision for six months ended at 30 June 2023 was calculated in accordance with the Income Tax Law.

5 . 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 statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

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

<u>30 June 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss	2,184,572	-	1,574	<u>2,186,146</u>
<u>31 December 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss	2,335,605	-	1,574	<u>2,337,179</u>

Financial assets included in level 3 are stated at cost less impairment charges, as the fair value of these assets cannot be measured reliably due to the lack of available active markets for identical assets.