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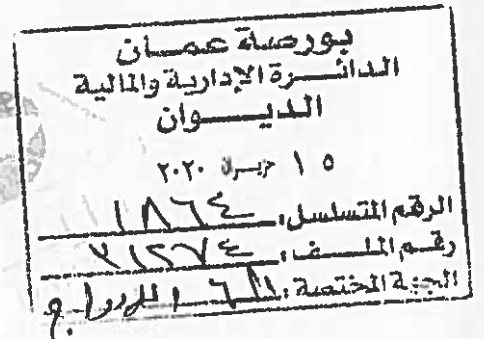
السادة بورصة عمان المحترمين

تحية طيبة وبعد،

نرفق لكم طيه القوائم المالية الموحدة باللغة الانجليزية لشركة دارات الاردنية القابضة للسنة المنتهية في ٣١ كانون اول 2019 مدققة من قبل مدقق حسابات الشركة السادة ارنست ويونغ.

وتفضلوا بقبول فائق الاحترام،،،

شركة دارات الاردنية القابضة



دارات الاردنية القابضة  
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**DARAT JORDAN HOLDINGS COMPANY**

**PUBLIC SHAREHOLDING COMPANY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2019**

## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of Darat Jordan Holdings Company  
Amman – Jordan**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of Darat Jordan Holdings - Public Shareholding Company (the Company) and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019 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 financial position of the Group as at 31 December 2019 and its financial performance and its 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 Group in accordance with the International Ethics Standards Board for Accountant s' *Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in 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.

## 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 for the year ended 31 December 2019. 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. For each matter below, our description of how our audit addressed the matter provided in that context .

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue recognition	Audit procedures
<p>Total recognized revenues for the year ended 31 December 2019 amounted to JD 90,000. We focus on revenue recognition because it is an important determinant of the Group's performance and profitability. In addition, there is a risk of improper revenue recognition, particularly with regards to revenue recognition in the correct reporting period.</p>	<p>Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of applicable International Financial Reporting Standards. Furthermore, since the Group has limited number of sales transactions, we obtained the full list of sales transactions during the year, substantiated to supporting documents, and tested proper recording and recognition.</p> <p>Refer to note 6 to the consolidated financial statements for significant accounting policies and significant judgements and estimates applicable to revenue account.</p>

### **Other information included in The Group's 2019 Annual Report**

Other information consists of the information included in the Group's 2019 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2019 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

### **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 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **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 Group'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 Group'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 Group 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 reasonable be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

The Company maintains proper books of accounts, which are in agreement with the financial statements.

The partner in charge of the audit resulting in this auditor's report was Waddah Isam Barkawi; license number 591.

Amman – Jordan  
16 March 2020

*Ernst + Young*

**DARAT JORDAN HOLDINGS - PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As At 31 DECEMBER 2019**

	Notes	2019 JD	2018 JD
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Properties and equipment	7	13,361	15,063
Investments in lands	8	3,163,136	3,163,136
Properties under development	9	1,272,431	1,267,688
Investments in associates	10	2,016,118	1,917,701
Financial assets at amortized cost	11	262,787	262,787
		<u>6,727,833</u>	<u>6,626,375</u>
<b>Current Assets</b>			
Financial assets at amortized cost	11	200,000	199,611
Inventory properties	12	352,402	420,568
Financial assets at fair value through profit or loss	13	626,081	644,630
Other current assets	14	120,636	71,416
Cheques under collection		13,082	13,082
Due from related parties	23	18,971	24,362
Restricted cash	15	132,651	187,957
Cash and bank balances	16	2,354,763	2,076,500
		<u>3,818,586</u>	<u>3,638,126</u>
<b>Total Assets</b>		<u>10,546,419</u>	<u>10,264,501</u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity-</b>			
Paid in capital	1, 17	10,250,000	11,250,000
Statutory reserve		57,934	29,308
Accumulated losses		230,390	(1,027,243)
<b>Net Equity</b>		<u>10,538,324</u>	<u>10,252,065</u>
<b>Liabilities-</b>			
<b>Current Liabilities-</b>			
Accounts payable and other current liabilities	18	8,095	12,436
<b>Total Liabilities</b>		<u>8,095</u>	<u>12,436</u>
<b>Total Equity and Liabilities</b>		<u>10,546,419</u>	<u>10,264,501</u>

The accompanying notes from 1 to 29 are part of these consolidated financial statements



**DARAT JORDAN HOLDINGS - PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 JD	2018 JD
Residential apartments' sales		90,000	84,500
Cost of sales residential apartments'	12	(79,750)	(69,891)
<b>Operating profit</b>		<b>10,250</b>	<b>14,609</b>
Depreciation	7	(4,447)	(4,195)
Gain (loss) on financial assets at fair value through profit or loss	19	120,597	(523,504)
Administrative expenses	20	(249,676)	(285,410)
Other income		31,884	37,625
Interest income		181,364	149,098
Group's share of profit from associates	10	196,287	152,501
<b>Profit (loss) for the year</b>		<b>286,259</b>	<b>(459,276)</b>
Add: Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>286,259</b>	<b>(459,276)</b>
		<u>JD/Fils</u>	<u>JD/Fils</u>
<b>Basic and diluted earnings per share of loss for the year attributable to equity holders</b>	21	<b>(0/028)</b>	<b>(0/045)</b>

The accompanying notes from 1 to 29 are part of these consolidated financial statements

**DARAT JORDAN HOLDINGS**  
**PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Paid in capital	Statutory reserve	Accumulated losses			Total
	JD	JD	Realized losses	Unrealized losses	JD	JD
<b>For the year ended 31 December 2019 -</b>						
Balance at 1 January 2019	11,250,000	29,308	(293,070)	(734,173)	(1,027,243)	10,252,065
Share capital decrease (note 1)	(1,000,000)	-	265,827	734,173	1,000,000	-
Transfer to statutory reserve	-	28,626	(28,626)	-	(28,626)	-
Total comprehensive income for the year	-	-	323,948	(37,689)	286,259	286,259
<b>Balance at 31 December 2019</b>	<b>10,250,000</b>	<b>57,934</b>	<b>268,079</b>	<b>(37,689)</b>	<b>230,390</b>	<b>10,538,324</b>

**For the year ended 31 December 2018 -**

Balance at 1 January 2018	11,250,000	29,308	(387,149)	(180,818)	(567,967)	10,711,341
Total comprehensive income for the year	-	-	94,079	(553,355)	(459,276)	(459,276)
<b>Balance at 31 December 2018</b>	<b>11,250,000</b>	<b>29,308</b>	<b>(293,070)</b>	<b>(734,173)</b>	<b>(1,027,243)</b>	<b>10,252,065</b>

The accompanying notes from 1 to 29 are part of these consolidated financial statements

**DARAT JORDAN HOLDINGS**  
**PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019	2018
		JD	JD
<b><u>OPERATING ACTIVITIES</u></b>			
Profit (loss) for the year		286,259	(459,276)
<b>Adjustments for:</b>			
Depreciation		4,447	4,195
Interest income		(181,364)	(149,098)
Change in fair value of financial assets at fair value through profit or loss		37,689	553,355
Group share of profit from associates		(196,287)	(152,501)
Gain on disposal of properties and equipment		-	(7,000)
Gain on sale of financial assets at fair value through profit or loss		(118,038)	-
<b>Working capital changes:</b>			
Cheques under collection		-	89,282
Other current assets		21,514	(23,490)
Accounts payable and other current liabilities		(4,341)	2,572
Restricted cash		55,306	22,511
<b>Net cash flows used in operating activities</b>		<b>(94,815)</b>	<b>(119,450)</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Financial assets at amortized cost		(389)	(462,398)
Financial assets at fair value through profit or loss		98,898	(43,080)
Purchase of properties and equipment		(2,745)	-
Proceeds from sales of properties and equipment		-	7,000
Related parties balances		5,391	10,527
Properties under development and inventory properties		63,423	57,646
Bank deposits		(250,000)	191,433
Interest received		110,630	139,079
Dividends from associates		97,870	87,122
<b>Net cash flows from (used in) investing activities</b>		<b>123,078</b>	<b>(12,671)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>28,263</b>	<b>(132,121)</b>
Cash and cash equivalents at 1 January		56,500	188,621
<b>Cash and cash equivalents at 31 December</b>	16	<b>84,763</b>	<b>56,500</b>

The accompanying notes from 1 to 29 are part of these consolidated financial statements

**(1) General**

Darat Jordan Holdings Company was established as a public shareholding Company on 6 December 2007 with an authorized and paid in capital of JD 15,000,000 divided into 15,000,000 shares at a par value of JD 1 per share. The Group was granted the right to commence its operations on 10 April 2008. The Company's share capital was decreased during the previous years to become JD 10,250,000 divided into 10,250,000 shares at a par value of JD 1 per share as at 31 December 2019. The last share capital decrease was during 2019 to write off accumulated losses by JD 1,000,000 based on The General Assembly decision in its extraordinary meeting held on 15 June 2019. The Company completed the procedures with the Ministry of Industry and Trade and with the Jordan Securities Commission on 18 August 2019.

The Group's objectives are to invest its funds and sources of financing in all types of available investments in different economic, financial, industrial, commercial, agriculture, real estate, tourism, and services sectors through its subsidiaries and owned companies

The Company's headquarter is located in Khalda, King Abdullah the Second Street, Building 167, Amman-Jordan.

The financial statements were issued by the group board of directors in on 14 March 2020.

**(2) Basis of preparation**

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss that have been measured at fair value as at the date of the consolidated financial statements.

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

The consolidated financial statements are presented in Jordanian Dinars "JD" which is the functional currency of the Group.

### **(3) Basis of consolidation**

The consolidated financial statements comprise the financial statements of Darat Jordan Holdings Company ("The Company") and its subsidiaries (referred to together as "the Group") as of 31 December 2019:

Group name	Paid in capital	Principle activities	Ownership percentage %		Group Nature
	JD		2019	2018	
	50,000				
Darat Al Reef Jordan Real estate Company		Real Estate Development	100	100	Private shareholding Company
Jordanian European Real Estate Management Company	5,000	Real Estate Management	100	100	Limited Liability Company
Altanfezeyoun for Real Estate Development	10,000	Real Estate Services Management	100	100	Limited Liability Company
Al Mashkah Company	10,000	Financial and educational consultations	100	100	Limited Liability Company
Al Marsa Alamen for Real Estate Development	1,000	Real Estate Services Management	100	100	Limited Liability Company
Al Hadas for development and investments Company	19,000	Real Estate Services Management	100	100	Limited Liability Company

The control exists when the Group controls the subsidiaries' significant and relevant activities, and is exposed, or has the rights, to variable returns from its involvement with the subsidiaries, and has the ability to affect those returns. Control over the subsidiaries is exercised when the following factors exist:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Group owns less than a majority of the voting rights in an investee, in this case, the Group considers all factors and circumstances to determine whether it has control over the investee, which include the following:

- Contractual agreements with shareholders that have voting rights in the investee.
- Rights resulting from other contractual arrangements.
- The Group's current and future voting rights in the investee.

The Group reassesses its control over the investee when circumstances and factors exist that lead to the change in one or more of the three factors listed above.

**(3) Basis of consolidation (Continued)**

Subsidiaries are fully consolidated from the date of acquisition being the date on which the Group gains control, and continues to do so until the date when such control ceases. The subsidiaries revenues and expenses are consolidated in the consolidated statement of comprehensive income from the date the Group gains control over the subsidiaries until that control ceases.

Profits, losses, and all other comprehensive income items are attributed to the shareholders' equity of the parent company, and to non-controlling interest, even if this leads to a deficit balance. If need arises, the subsidiaries' financial statements are adjusted accordingly to comply with the Group's accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of profit or loss and other comprehensive income
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**(4) Use of estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amounts and timing of future cash flows when determining the level of provisions required. 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.

**(4) Use of estimates (Continued)**

**Useful life of properties and equipment**

The Group's management estimates the useful life for properties and equipment for the purpose of calculating depreciation by depending on the expected useful life of these assets. Management reviews the remaining book value and useful life annually. Future depreciation expense is adjusted if management believes that the remaining useful life of the assets differs from previous estimations.

**(5) Changes in accounting policies**

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019 except for the followings:

**IFRS 16 Leases**

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year financial statements were not restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

This standard did not have impact on the Group's consolidated financial statements since the lease contract it has is short-term leases. The rental expense on short term contracts recognized in the consolidated statement of comprehensive income for the year ended 31 December 2019 amounted to JD 12,214.

**(5) Changes in accounting policies (Continued)**

**IFRIC Interpretation 23 Uncertainty over Income Tax Treatment**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Interpretation did not have an impact on the Group's consolidated financial statements.

**Amendments to IFRS 9: Prepayment Features with Negative Compensation**

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments do not have any impact on the Group's consolidated financial statements.

**Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture**

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

These amendments do not have any impact on the Group's consolidated financial statements.



**(5) Changes in accounting policies (Continued)**

**Amendments to IAS 19: Plan Amendment, Curtailment or Settlement**

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

The amendments had no impact on the Group's consolidated financial statements as it did not have any plan amendments, curtailments, or settlements during the year.

**Amendments to IAS 28: Long-term interests in associates and joint ventures**

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments do not have any impact on the Group's consolidated financial statements.

**(6) Significant accounting policies**

The significant accounting policies adopted are as follows:

**Properties and equipment**

Properties and equipment are stated at cost, net of accumulated depreciation and any impairment value. 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 comprehensive income.

Properties and equipment are depreciated when they become ready for use, on a straight line basis over the estimated useful lives using the following rates:

	<u>%</u>
Tools and equipment	15
Furniture and fixtures	15
Vehicles	15
Computers and software	25

The book values of property and equipment are reviewed whether there is an indication of impairment or when the carrying values exceed the estimated recoverable amounts the carrying values decreased to reach the recoverable amounts and the impairment recorded in other comprehensive income statement.

The useful life and depreciation method are reviewed on a regular basis to ensure that that the depreciation method is in line with the expected economic benefits of the properties and equipment.

If carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The value of impairment is recorded in the consolidated statement of comprehensive income.

**Investments in lands**

Investments in lands are stated at cost or net sellable value, whichever is less. Impairment on land held for investment is recorded in the statement of income.

**Properties under development**

Properties under development include the cost of land, design, construction, and other direct costs. Properties under development are not depreciated until it becomes ready for use.

**(6) Significant accounting policies (Continued)**

**Trade receivables**

Trade receivables are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made applying IFRS 9 simplified approach to calculate and record allowance for expected credit loss ECL on all its trade receivables. Trade receivables are written off when there is no probability for collecting it.

**Investments in associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of income reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's consolidated statement of other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as share of profit of an associate in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

**(6) Significant accounting policies (Continued)**

**Financial assets at amortized cost**

Represents financial assets that the Group management intends to hold in order to collect the contractual cash flows, which consist of payments of principal and interest on the existing debt stock.

These assets are recognized upon purchase at cost plus acquisition expenses, the premium/discount is amortized using the effective interest method, net of any provision resulting from the impairment of the asset value resulting in the non-recoverability of the asset or part of the asset, and any impairment is credited to its value in the consolidated statement of comprehensive income. These assets are measured at amortized cost at the date of the consolidated financial statements.

The impairment of the financial asset at amortized cost is estimated through preparation of a study based on the historical experience of credit loss, taking into account the future factors of debtors and the economic environment.

The impairment is recorded as a provision for expected credit loss in the statement of comprehensive income and any reversal are recorded in the subsequent year as a result of the previous impairment of the financial assets in the statement of comprehensive income.

If any of these assets are sold before their due date, the profits or loss are recorded in the consolidated statement of comprehensive income

**Real Estate Inventories**

Property held for sale is classified as part of the Group's business and not for renting as real estate property and is measured at cost or net of cost to sell which ever is less.

Costs include:

- Cost of lands.
- Construction costs paid to contractors.
- Borrowing, design, planning and site processing costs as well as professional fees for legal services, property transfer taxes and other direct and indirect construction costs.
- Commissions paid to sales agents are recognized as an expense when paid.
- Net realizable value represents the estimated selling price in the ordinary course of business of the Group based on market prices of the date of the consolidated financial statements discounted for the time value of money less costs to complete construction and estimated selling costs.

The cost of real estate inventory recorded in the consolidated statement of comprehensive income is determined based on the costs incurred on the property as well as the distribution of undisclosed costs according to the units sold.

**(6) Significant accounting policies (Continued)**

**Financial assets at fair value through profit and loss**

Financial assets, which are purchased with the aim of resale in the near future in order to generate profit from the short-term market prices fluctuation or the trading profit margins.

Financial instruments at fair value through profit or loss are initially measured at fair value, transaction costs are recorded in the consolidated statement of income at the date of transaction. Subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the consolidated statement of comprehensive income. When these assets or portion of these assets are sold, the gain or loss arising is recorded in the consolidated statement of comprehensive income.

Dividend and interest income are recorded in the consolidated statement of comprehensive income.

**Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, bank balances, and short-term deposits with an original maturity of three months or less.

**Accounts payable and accruals**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

**Provisions**

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be reliably measured.

**Revenue and expense recognition**

In accordance with IFRS (15), revenue recognized is measured based on the five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled from the sale of properties and rendering of services at a point of time when the property is delivered and the invoice is issued to the customer and the receipt and use of the properties and services provided by the company.

Interest income is recognized using the accrual basis of accounting.

Expenses are recognized on an accrual basis.

**(6) Significant accounting policies (Continued)**

**Income tax**

Income tax provision is calculated in accordance with the income tax law no. (34) of the year 2014, and in accordance with IAS 12, which requires the recording of deferred tax resulting from the difference between the carrying value and the taxable value of the assets and liabilities.

**Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

**Impairment of financial assets**

The Group assesses at each balance sheet date whether there is any objective evidence to record allowance for expected credit loss on a financial asset or a group of financial assets. Impairment is determined based on lifetime expected credit losses through establishing a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment is recognized as an allowance for expected credit loss in the income statement. If in a subsequent period, the amount of the impairment loss decreases, the income is recognized in the income statement.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated statement of financial position date, based on the rates declared by the Central Bank of Jordan.

Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items measured at fair value is recognized in the statement of comprehensive income.

Transaction differences for items of non-monetary financial assets and liabilities denominated in foreign currencies (like shares) are recognized as part of the change in fair value.

**(6) Significant accounting policies (Continued)**

**Fair Value**

The Group values financial instruments, such as derivatives and non-financial assets, at fair value at the date of the financial statements. In addition, the fair value of financial instruments is disclosed in (Note 23).

The fair value represents the price that will be obtained when selling the assets or the amount that will be paid to transfer the commitment of the transaction arranged between the participants in the market on measurement date.

Fair value is measured on the assumption that asset sales or liability settlement is done through major assets and liabilities markets. In the absence of the primary market, the most suitable market will be used to trade the assets and liabilities.

The Group measures the fair value for the assets and liabilities using the market participant's assumptions for valuing assets and liabilities assuming that participants act according to their economic interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company uses the following valuation techniques in setting the fair value of the financial instruments:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of the fair value note, the Group classifies the assets and liabilities according to its nature and the risks of the assets and liabilities, and the value of the fair value.

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**(7) Properties and equipment**

	Tools and equipment	Furniture and fixtures	Vehicles	Computers and software	Total
2019-	JD	JD	JD	JD	JD
<b>Cost:</b>					
Balance at 1 January 2019	20,000	90,730	21,640	6,536	138,906
Additions	-	330	-	2,415	2,745
<b>Balance as at 31 December 2019</b>	<b>20,000</b>	<b>91,060</b>	<b>21,640</b>	<b>8,951</b>	<b>141,651</b>
<b>Accumulated Depreciation:</b>					
Balance at 1 January 2019	20,000	88,377	8,930	6,536	123,843
Depreciation for the year	-	388	3,246	813	4,447
<b>Balance as at 31 December 2019</b>	<b>20,000</b>	<b>88,765</b>	<b>12,176</b>	<b>7,349</b>	<b>128,290</b>
<b>Net book value</b>					
<b>At 31 December 2019</b>	<b>-</b>	<b>2,295</b>	<b>9,464</b>	<b>1,602</b>	<b>13,361</b>



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2018-	Tools and equipment	Furniture and fixtures	Vehicles	Computers and software	Total
Cost:	JD	JD	JD	JD	JD
Balance at 1 January 2018	20,000	90,730	42,893	6,536	160,159
Disposals	-	-	(21,253)	-	(21,253)
<b>Balance as at 31 December 2018</b>	<b>20,000</b>	<b>90,730</b>	<b>21,640</b>	<b>6,536</b>	<b>138,906</b>
<b>Accumulated Depreciation:</b>					
Balance at 1 January 2018	20,000	87,428	26,937	6,536	140,901
Depreciation for the year	-	949	3,246	-	4,195
Disposals	-	-	(21,253)	-	(21,253)
<b>Balance as at 31 December 2018</b>	<b>20,000</b>	<b>88,377</b>	<b>8,930</b>	<b>6,536</b>	<b>123,843</b>
<b>Net book value</b>					
<b>At 31 December 2018</b>	<b>-</b>	<b>2,353</b>	<b>12,710</b>	<b>-</b>	<b>15,063</b>

**(8) Investment in lands**

This item represents lands owned by the Group's subsidiaries (Darat Al Reef Jordan Real Estate Company, Al Tanfezyoun Real Estate Development Company, Al Marsa Al Amen for Real Estate Development and al Hadas for Development and Investments Company) for the purpose of developing and selling of those lands.

The market fair value of these lands is higher than their book value amounting to JD 3,163,136 according to the land valuation reports performed by independent certified specialists.

**(9) Properties under development**

Movement on properties under development is as follows:

	Balance at 1 January 2019 JD	Additions JD	Balance at 31 December 2019 JD
Amman Reef Project	1,267,688	-	1,267,688
Aqaba Hangers Project*	-	4,743	4,743
	<u>1,267,688</u>	<u>4,743</u>	<u>1,272,431</u>

\* Al Hadas for Development and Investments Company (subsidiary) obtained approvals during 2019 to start constructing Aqaba Hangers Project. the Company paid JD 4,745 as design fees in 2019. The total cost to complete is estimated to be JD 600 thousand and is expected to be completed by end of 2020.

**(10) Investments in associates**

	Country of incorporation	Percentage of ownership	Nature of activity	2019 JD	2018 JD
Jordan Cyprus for Logistic Services	Jordan	40%	Logistics Services	241,549	188,531
Ajiad Investments Company	Jordan	32.87%	Commercial	1,774,569	1,729,170
Al-Rokn Al-Italy Investment Company*	Jordan	40%	Commercial	-	-
				<u>2,016,118</u>	<u>1,917,701</u>

\*The Company is under liquidation

Movements on investments in associates is as follows:

	2019 JD	2018 JD
Balance at 1 January	1,917,701	1,852,322
Group's share of profit from associates	196,287	152,501
Dividends form associates	(97,870)	(87,122)
Balance at 31 December	<u>2,016,118</u>	<u>1,917,701</u>

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**(10) Investments in associates (continued)**

The following table summarizes the financial information of the Group's investment in associates:

	Jordan Cyprus for Logistic				Al-Rokn Al-Italy			
	Services		Ajiad Investments Company		Investments Company*		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD	JD	JD
Current assets	1,305,582	1,055,653	9,097,670	6,732,930	1,206	1,206	10,404,458	7,789,789
Non – current assets	118,396	118,647	213,284	127,676	865,593	865,543	1,197,273	1,111,866
Current liabilities	(655,455)	(588,586)	(4,973,185)	(2,660,932)	(1,638,041)	(1,638,041)	(7,266,681)	(4,887,559)
<b>Net equity</b>	<b>768,523</b>	<b>585,714</b>	<b>4,337,769</b>	<b>4,199,674</b>	<b>(771,242)</b>	<b>(771,292)</b>	<b>4,335,050</b>	<b>4,014,096</b>
Ownership percentage	40%	40%	32.87%	32.87%	40%	40%		
Group's share	241,549	188,531	1,425,845	1,380,433	-	-	1,667,394	1,568,964
Add: embedded goodwill	-	-	348,724	348,737	-	-	348,724	348,737
<b>Book value of investment</b>	<b>241,549</b>	<b>188,531</b>	<b>1,774,569</b>	<b>1,729,170</b>	<b>-</b>	<b>-</b>	<b>2,016,118</b>	<b>1,917,701</b>
Revenues	4,516,791	3,986,780	1,834,126	1,006,353	-	-	6,350,917	4,993,133
Operating expenses	(4,041,945)	(3,520,472)	-	-	-	-	(4,041,945)	(3,520,472)
Administrative expenses	(327,757)	(341,567)	(1,416,031)	(694,252)	-	-	(1,743,788)	(1,035,819)
Profit for the year	147,089	124,741	418,095	312,101	-	-	565,184	436,842
<b>Group's share of profit</b>								
<b>(loss) of associates</b>	58,836	49,896	137,451	102,605	-	-	196,287	152,501

\*The Company is under liquidation.

**(11) Financial assets at amortized cost**

	2019		Total	
	Maturity within one year	Maturity within more than one year	2019	2018
	JD	JD	JD	JD
Treasury bills	-	-	-	199,611
Islamic Sukuk*	-	123,627	123,627	123,627
Bonds**	200,000	139,160	339,160	139,160
	<b>200,000</b>	<b>262,787</b>	<b>462,787</b>	<b>462,398</b>

**(11) Financial assets at amortized cost (Continued)**

\* This item represents Islamic Sukuk in EZDAN SUKUK with a nominal value of USD 870 (JD 618) per bond at 200 bonds as of 31 December 2019, with an annual interest rate of 4.375 % paid every six months. These Sukuk matures on 18 May 2021.

\*\* This item represents the following:

Bonds due within one year:

Bonds in Emdad Company with nominal value of JD 5,000 per bond at 4 bonds as at 31 December 2019 with an annual interest rate of 7.25% paid every six months, these bonds matures on 2 May 2020.

Bond mature after one year:

Bonds in OTZL HLDG with a nominal value of USD 980 (JD 696) per bond at 200 bonds as of 31 December 2019, with an annual interest rate of 6.625 % paid every six months. These bonds matures on 24 April 2028.

**(12) Inventory properties**

This item represents a building residential project – Swifieh. The cost of the project amounting to JD 490,459 was transferred from Properties under development, selling the apartments started in 2018. The Company sold two apartments in 2019 (2018: 2 apartments).

Movement in this account is as follows:

	2019	2018
	JD	JD
Balance as of 1 January	420,568	-
Transferred from Properties under development	11,584	490,459
Transferred to cost of sales	(79,750)	(69,891)
Balance as of 31 December	352,402	420,568

**(13) Financial assets at fair value thorough profit or loss**

	2019	2018
	JD	JD
<b>Quoted shares</b>		
Amman stock exchange	462,897	508,961
Foreign stock exchange	163,184	135,669
	626,081	644,630

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**(14) Other current assets**

	2019	2018
	JD	JD
Accrued revenues	45,000	7,500
Income tax deposits	36,375	27,496
Employee receivables	20,065	15,395
Accrued interest revenues	11,424	10,019
Prepaid expenses	4,103	4,139
Refundable deposits	1,260	1,260
Other	2,409	5,607
	<u>120,636</u>	<u>71,416</u>

**(15) Restricted cash**

	2019	2018
	JD	JD
Refundable insurance guarantees*	1,423	61,423
Cash insurance**	<u>131,228</u>	<u>126,534</u>
	<u>132,651</u>	<u>187,957</u>

\* This item represents cash margins held against letter of guarantees including an amount of JD 1,423 as cash deposits for Jordan Cyprus for Logistic Services Company (Associate). (2018: JD 61,423)

\*\* This item represents restricted cash insurance deposits against bank overdraft facilities for Jordan Cyprus for Logistic Services Company (Associate).

**(16) Cash and bank balances**

	2019	2018
	JD	JD
Short term deposits*	2,270,000	2,020,000
Current accounts	84,170	56,233
Cash on hand	<u>593</u>	<u>267</u>
	<u>2,354,763</u>	<u>2,076,500</u>

\* This item represents short-term deposits in Jordanian Dinars with maturities of one year and bearing an annual interest rate between 5.5% and 6.5% (2018: between 4% and 5%).

Cash and cash equivalent shown in the consolidated statement of cash flow represents amounts in the consolidated statement of financial positions as follows:

	2019	2018
	JD	JD
Cash on hand and at banks	2,354,763	2,076,500
Less: deposits at banks due within three months to a year	<u>(2,270,000)</u>	<u>(2,020,000)</u>
Cash and cash equivalents	<u>84,763</u>	<u>56,500</u>

**(17) Shareholders equity**

**Paid in capital –**

The authorized and paid in capital is JD 10,250,000 divided into 10,250,000 shares at a par value of JD 1 per share. The capital was decreased during 2019 in accordance with the General assembly extraordinary meeting held on 15 June 2019 as disclosed in note (1).

**Statutory reserve –**

This amount represents transfers at 10% of net income before tax as required by the Jordanian Companies Law. This reserve is not available for distribution to shareholders.

**Dividend distribution –**

The Board of Directors in their meeting held on 14 March 2020 proposed to the General Assembly to distribute 2% of the Company's Share capital as dividend to shareholders on 2018 results.

**(18) Accounts payable and other current liabilities**

	<u>2019</u> JD	<u>2018</u> JD
Trade payables	4,760	8,382
Social security deposits	1,816	1,725
Other	1,519	2,329
	<u>8,095</u>	<u>12,436</u>

**(19) Gain (loss) on financial assets at fair value through profit or loss**

	<u>2019</u> JD	<u>2018</u> JD
Change in fair value	(37,689)	(553,355)
Dividends income	40,248	29,851
Gain on sale of financial assets	118,038	-
	<u>120,597</u>	<u>(523,504)</u>

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**(20) Administrative expense**

	<u>2019</u>	<u>2018</u>
	JD	JD
Salaries and wages	106,485	119,191
Professional fees	22,777	34,208
Group's contribution in social security	14,576	19,141
Farms' services expenses	28,044	30,189
Insurance	13,944	14,947
Rent	12,214	12,214
Travel and transportation expenses	12,000	12,000
Subscriptions	7,990	7,855
Vehicles expenses	3,931	5,096
Listing fees	5,000	5,000
Bank charges and brokerage fees	1,729	3,711
Water and electricity	3,138	3,637
General assembly meeting expenses	5,324	3,572
Mail, telephone and internet	2,949	3,067
Cleaning and hospitality fees	1,015	1,205
Maintenance expenses	1,262	1,141
Registration and license fees	972	972
Governmental expenses	190	264
Other	6,136	8,000
	<u>249,676</u>	<u>285,410</u>

**(21) Earnings Per share**

	<u>2019</u>	<u>2018</u>
	JD	JD
Profit (loss) for the year (JD)	286,259	(459,276)
Weighted average number of shares during the year (share)	<u>10,250,000</u>	<u>10,250,000</u>
	<u>JD / Fils</u>	<u>JD / Fils</u>
<b>Basic and diluted earnings per share of profit/loss for the year</b>	<u>(0/028)</u>	<u>(0/045)</u>

**(22) Income tax**

No income tax provision was calculated for the years ended 31 December 2019 and 2018, in accordance with the Income Tax Law No. (38) for the year 2018 and the Income Tax Law No. (34) for the year 2014 due to the excess of deductible expenses over taxable income.

The Company is subject to income tax rate of 20% in addition to 1% for national solidarity in accordance with the Income Tax Law No. (38) for the year 2018 effective on 1 January 2019 (2018: 20% in accordance with the Income Tax Law No. (34) for the year 2014).

**Darat Jordan Holdings Company:**

The Company submitted its annual income tax returns for the years 2017 to 2018 and the Income and Sale Tax Department has not reviewed these tax returns up to the date of these consolidated financial statements. The Company reached a final settlement with the Income and Sales Tax Department up to the year 2016.

**Jordan European Real Estate Management Company:**

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2018.

**Executives for real estate development:**

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2018.

**Al Marsa Alamen for Real Estate Development:**

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2018.

**Al Mashkah Company:**

The Company submitted its annual income tax returns for the year 2018 and the Income and Sales Tax Department has not reviewed these returns up to the date of the consolidated financial statements. The Company reached a final settlement with the Income and Sales Tax Department up to the year 2017.

**Al Hadas for Development and Investments Company:**

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2018.

**Darat Al Reef Jordan Real Estate Company:**

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2018.



**(23) Related party transactions**

Related parties represent associated Companies, major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group management.

Transactions with related parties are as follows:

**Consolidated statement of financial position:**

	2019 JD	2018 JD
<b>Due from related parties</b>		
Jordan Cyprus for Logistic Services Company (Associate)	7,036	18,728
Al Salam Security Company (Subsidiary of an associate)	5,967	5,634
Ajiad Investment Company (associate)	5,968	-
	18,971	24,362

The Group holds cash deposits amounting to JD 132,651 against bank overdraft facilities and letter of guarantee for Jordan Cyprus for Logistic Services Company (Associate) obtained from Jordanian banks (2018: JD 187,957) (Note 15).

**Consolidated statement of comprehensive income and letter of guarantee:**

**Compensation of key management personnel:**

	2019 JD	2018 JD
Salaries and other benefits	70,155	85,292

**(24) Fair value of financial instruments**

Financial instruments include financial assets and financial liabilities.

Financial assets consist of cash on hand and at banks, trade receivables, due from related parties, financial assets at fair value through profits or loss, financial assets at amortized costs, cheques under collection and some other current assets. Financial liabilities consist of accounts payable and some other current liabilities.

Book values of financial instruments do not materially vary from their fair value.

The Group uses the following methods and alternatives of valuating and presenting the fair value of financial instruments:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**(24) Fair value of financial instruments (continued)**

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	Level 1	Total
	JD	JD
<b>2019 -</b>		
<b>Financial assets</b>		
Financial assets of fair value through profit or loss	626,081	626,081
<b>2018 -</b>		
<b>Financial assets</b>		
Financial assets of fair value through profit or loss	644,630	644,630

**(25) Segment information**

**Business segments information**

For management purposes the Group's activities are distributed into two main sectors:

Land development – represented by purchases of lands for the purpose of development and sale.

Financial investments - represented by investments in stocks and investments in associates.

These sectors are the basis upon which the Group builds its main segment information reports.

	Lands Development	Financial investments	Other	Total
	JD	JD	JD	JD
<b>2019 -</b>				
Segment revenues	90,000	120,597	213,248	423,845
Cost of sales	(79,750)	-	-	(79,750)
Group's share of profit of associates	-	137,451	58,836	196,287
Depreciation	(2,081)	(2,366)	-	(4,447)
Other expenses	(183,912)	(65,414)	(350)	(249,676)
<b>(Loss) profit for the year</b>	<b>(175,743)</b>	<b>190,268</b>	<b>271,734</b>	<b>286,259</b>
<b>Assets and liabilities</b>				
Segment assets	4,869,567	1,088,868	2,571,866	8,530,301
Investments in associates	-	1,774,569	241,549	2,016,118
Segment liabilities	(3,743)	-	(4,352)	(8,095)
<b>Net assets</b>	<b>4,865,824</b>	<b>2,863,437</b>	<b>2,809,063</b>	<b>10,538,324</b>
<b>2018 -</b>				
Segment revenues	108,563	(523,504)	162,660	(252,281)
Cost of sales	(69,891)	-	-	(69,891)
Group's share of profit of associates	-	102,605	49,896	152,501
Depreciation	(2,423)	(1,772)	-	(4,195)
Other expenses	(206,323)	(78,657)	(430)	(285,410)
<b>(Loss) profit for the year</b>	<b>(170,074)</b>	<b>(501,328)</b>	<b>212,126</b>	<b>(459,276)</b>
<b>Assets and liabilities</b>				
Segment assets	4,898,066	645,603	2,803,131	8,346,800
Investments in associates	-	1,729,170	188,531	1,917,701
Segment liabilities	(6,303)	-	(6,133)	(12,436)
<b>Net assets</b>	<b>4,891,763</b>	<b>2,374,773</b>	<b>2,985,529</b>	<b>10,252,065</b>

**(26) Risk management**

**Interest rate risk**

Interest rate risk is the risk that results from the changes in market value or future cash flows of financial instruments as a result of changes in interest rate.

The Group is exposed to interest rate risk on its interest bearing assets and liabilities such as bank deposits.

The sensitivity of the consolidated statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's loss for the year, based on the floating interest rate on financial assets and financial liabilities held at 31 December:

The following table demonstrates the sensitivity of the consolidated statement of comprehensive income to reasonably possible changes in interest rates as of 31 December, with all other variables held constant.

<b>2019-</b>	<i>Increase in interest rate (Basis Points)</i>	<i>Effect on loss for the year JD</i>
Currency		
JD	100	22,700

	<i>Decrease in interest rate (Basis Points)</i>	<i>Effect on loss for the year JD</i>
Currency		
JD	(100)	(22,700)

<b>2018-</b>	<i>Increase in interest rate (Basis Points)</i>	<i>Effect on loss for the year JD</i>
Currency		
JD	100	20,202

	<i>Decrease in interest rate (Basis Points)</i>	<i>Effect on loss for the year JD</i>
Currency		
JD	100	(20,202)

**(26) Risk management (continued)**

**Equity price risk**

The following table demonstrate the sensitivity of the Group's consolidated statement of income (for financial assets at fair value through profit or loss) and cumulative changes in fair value (for financial assets at fair value through other comprehensive income) to reasonably possible changes in equity prices, with all other variables held constant:

2019-	Change in Index %	Effect on loss for the year JD
Amman stock exchange	10	46,290
Foreign stock exchange	10	16,318
2018-	Change in Index %	Effect on loss for the year JD
Amman stock exchange	10	50,896
Foreign stock exchange	10	13,567

The effect of decrease in equity prices with the same percentages is expected to be equal and opposite to the effect of the increase shown above.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group believes that it is not significantly exposed to credit risk since the Group seeks to limit credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

**Liquidity risk**

Liquidity risk is represented by the possibility that the Group may not be able to meet its liabilities when due.

The Group manages its liquidity risk by insuring the availability of bank facilities.

**(26) Risk management (continued)**

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December based on contractual payment dates and current market interest rates:

	Less than 3 months	3 to 12 months	Total
	JD	JD	JD
<b>31 December 2019</b>			
Accounts payable	4,760	-	4,760
	Less than 3 months	3 to 12 months	Total
	JD	JD	JD
<b>31 December 2018</b>			
Accounts payable	8,191	-	8,191

**Currency risk**

Most of the Group's transactions are in Jordanian Dinars and U.S. Dollars. The Jordanian Dinar is fixed against the U.S Dollar (USD 1.41 for each Jordanian Dinar). Accordingly, the currency risk exposure is not material on the consolidation financial statements.

**(27) Contingent liabilities**

	2019	2018
	JD	JD
Letters of guarantees*	14,230	64,230

\* This item represents cash margins held against letter of guarantees amounting to JD 1,423 as at 31 December 2019 as cash deposits for Jordan Cyprus for Logistic Services Company (Associate) (2018: JD 61,423) (note 15).

**(28) Capital management**

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. During the current year the Group decreased its share capital by JD 1,000,000 through write off of accumulated losses of the Company.

Capital comprises paid in capital, statutory reserve and accumulated losses amounting to JD 10,538,324 as at 31 December 2019 as compared to JD 10,252,065 as at 31 December 2018.

**(29) Standards issued but not yet effective**

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

**IFRS 17 Insurance Contracts**

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 - Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to Group.

**Amendments to IFRS 3: Definition of a Business**

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

**Amendments to IAS 1 and IAS 8: Definition of "Material"**

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

**(29) Standards issued but not yet effective (Continued)**

**Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7**

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR"). The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project. The Group has not early adopted the amendments and has concluded that the uncertainty arising from IBOR reform is not affecting its hedge relationships to the extent that the hedge relationships need to be discontinued.