

**Arab Phoenix Holdings Company  
Public Shareholding Company - (Holding Company)  
And its subsidiaries (The Group)  
Amman - Jordan**

**Consolidated Financial Statement  
For the year ended in December 31, 2020  
Together with the Independent Auditor's Report**

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**  
**For the Year Ended December 31, 2020**

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<b>Contents</b>	<b>Page</b>
Independent Auditor's Report	1-6
Consolidated Statement of Financial Position	7
Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Changes in Shareholders' Equity	9
Consolidated Statement of Cash Flows	10
Notes to The Consolidated Financial Statement	11-50

## Independent Auditor's Report

To the General Assembly of  
Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And its subsidiaries (The Group)  
Amman – Jordan

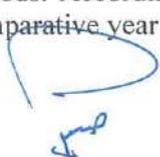
### Qualified Opinion

We have audited the accompanying consolidated financial statements of Arab Phoenix Holding Company (Public Shareholding Company – Holding Company) and its subsidiaries (“The Group”), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of profit or loss and other comprehensive income, changes in shareholder’s equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, and except for the effect of the matters described in the basis for qualified opinion paragraphs (1 and 2) and the possible effects of the matters described in the basis for qualified opinion paragraphs (3 and 4) below, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Basis for Qualified Opinion

1. Trade receivables and other debit balances, trade payables and other credit balances and advance payments received against sales in the consolidated financial statements as of December 31, 2020 includes balances with an approximate amount of JOD 278 thousand, JOD 1,45 million, and JOD 457 thousand, respectively. We were unable to obtain sufficient and appropriate audit evidences to verify the validity and classification of these referred items and the recoverability of trade receivables and other debit balances, knowing that the Group’s management have been informed us that there is no sufficient information available in relation to these balances up to date. However, the management is in the process to secure this information. Therefore, we were unable to determine whether any adjustments were necessary to the accompanying consolidated financial statements.
2. The company’s management has not recorded the necessary provisions in accordance with IAS (37) “Provisions, contingent liabilities and contingent assets” against stamp fees and related delay fines amounted to JOD 830 thousand for the period ended December 31, 2020 which resulted from a claim raised by the Ministry of Finance against one of the group's subsidiaries (Tameer for Investments) regarding these stamp fees and related delay fines in relation to the partnership agreement signed between the company and Housing and Urban Development Corporation HUDC for the construction of integrated services residential city in Giza Area (Ahl Al-Azem Project) referred to in note (7) as the subject matter still under study and follow-up with relevant parties. In case the Group’s management recorded this provision, its impact will increase the opening balance of accumulated losses and stamp fees provision and its related fines included in the other credit balances.
3. The agreements signed between Red Sea Resort for Real Estate Development Company (Subsidiary Company) and Aqaba Special Economic Zone Authority related to the construction of the Red Sea Resort Project referred to note (7) includes penalty clauses which states that in the event the project is not completed on the dates specified under the agreement, the company must compensate the authority for the breakdown and damage penalties arising from this delay. The company was previously unable to complete the project on its specified dates, and obtained a written approval to extend the completion period of the project till March 2021. We were not provided with the expected value of fines or delay penalties during the previous delay period in respect of penalties clauses and fines, however the Group has obtained a written conditional approval to exempt the penalties subject to the Group ability to complete the project within the agreed time periods. Accordingly, we were unable to determine whether any adjustments were necessary to the current year and comparative year figures in the accompanying consolidated financial statements.



**Independent Auditor's Report (Continued)**

**To the General Assembly of  
Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
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4. The accumulated losses balance as of December 31, 2020 includes a credit balance amounted to JOD 810,000 which represents accrued expenses reversed to the other income during the year ended December 31, 2017. This credit balance had been recorded in previous years under trade payables and other credit balances. The previous auditor has been issued a qualified opinion for not being able to obtain sufficient and appropriate audit evidence about the accuracy of these amounts during previous years. Accordingly, we were unable to determine whether any adjustments were necessary to the accumulated losses opening balance in the accompanying consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in accordance with International Ethics Standards Board for Accountants Code of Ethics, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Emphasis of Matters Paragraphs**

Without further qualifications in our opinion, we would draw your attention to the following:

1. As indicated in note No. (28) which states that there are restrictions over the Group's movable and immovable funds due to lawsuits raised against the Group by the local Jordanian Courts for the benefit of different parties, in addition to accumulated losses in the group and its subsidiaries and the deficit in the groups' working capital with approximate amount of JOD 5.8 million as described in the note referred above. These conditions, in addition to any expected effects of the Corona Virus Pandemic Outbreak (COVID-19) on the groups' activities and its financial position, indicate the existence of a material doubts there are substantial doubts about the group's ability to continue as a going concern According to international standards on auditing. Despite of the existence of the above-mentioned indicators for several years with different percentages and amounts, the group was able to continue its business. Our conclusion is not qualified regarding this matter, and the Group management has prepared a plan of action till 31 December 2021 to address these conditions. And to ensure the business continuity. Accordingly, these consolidation financial statements have been prepared on going concern basis.
2. As indicated in note No (7), Housing and Urban Development Corporation HUDC has raised a lawsuit against the Group to prevent opposition to benefit of real estate, removing facilities and compensating expenses related to "Ahl Alazem Project" which its net value amounted to JOD 5.4 million as at December 31, 2020. However, and based on the group's lawyer consultation that management relied on, the agreement states that the group should be compensated for all executed works if the HUDC has decided to terminate the agreement except for any off-specifications works. Regarding the claim for the expenses of assessing the executed works till now, the required provision was recorded and regarding the cost of removing any off-specifications executed works the management has considered it as immaterial although the related impairment and provisions have been recognized based on the real estates assessors. Accordingly, the management does not expect additional losses from what has been recognized in the consolidated financial statements so far. In the opinion of the group's management, the options presented are still under discussion with the concerned authorities, including the continuation of the project.
3. As indicated in note No (8) -lands under exploitation and development-, which represents lands owned by the group under agreements signed with Natural Resources Investment and Development Corporation (Mawared) not registered in the name of the groups' subsidiaries, as the completion of procedures for registering these lands in the name of the group depends mainly on the completion of the projects agreed under these agreements. Also note (7) lands under development and residential projects under construction, includes Ahl Al Azm Project which is constructed over lands not owned by the Group under the partnership agreement signed between one of the group's subsidiaries and the Public Housing and Urban Development corporation HUDC.

**Independent Auditor's Report (Continued)**

**To the General Assembly of  
 Arab Phoenix Holding Company  
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**Other matters**

- The group's consolidated financial statements for the year ended December 31, 2019 were audited by another auditor who issued a qualified opinion on June 14, 2020.
- The accompanying consolidated financial statements are a translation of the consolidated financial statements in the Arabic language to which reference should be made.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters mentioned in the basis for qualified opinion and emphasis of matters paragraphs above key audit matters are described below:

- 1- **The determination of net realizable value of Investment property, lands under development and residential projects under construction, lands under exploitation and development stage, lands inventory and villas available for sale inventory.**

Description of the key audit matter	How the matter was addressed in our audit
<p>The Group owns Investment property, lands under development and residential projects under construction, lands under exploitation and development stage, lands inventory and villas available for sale inventory with carrying amount of JOD 68,149,951 which represents 93% of the Group's total assets as of December 31, 2020 comparing to JOD 74,939,263 which represents 93 % of the Group's total assets as of December 31, 2019.</p> <p>According with the requirements of International Financial Reporting Standards, the Group should determine the net realizable value (NRV) of these assets and the expected amount of its capital commitments and to assess impairment (if any), in addition to the determination of the NRV at the expected selling price in the normal course of business less the expected selling costs, such matters require a significant judgments and estimates from the management to determine the NRV / impairment, as the group exercises judgment and estimates over the inputs used to determine the NRV / impairment including the valuation from real estate valuers, discounting of future cash flows and projects cost to complete calculations. Accordingly, the determination of the NRV / impairment of these assets by management is considered a key audit matter.</p> <p>The accounting policies and critical judgments relative to the Investment property, lands under development and housing projects under construction, lands Inventory, villas inventory available for sale are summarized in Notes 2, 3, 6, 7, 8, 9, and 13 to the consolidated financial statements.</p>	<p>Our audit procedures included the assessment of the Group's internal controls for the method used to determine the NRV of the Investment property, lands under development and residential projects under construction, lands under exploitation and development stage, lands Inventory and villas available for sale inventory to be compared with its carrying amount to identify impairment (if any), in addition to the assessment of the estimates used by management to determine the NRV/ impairment over the Investment property, lands under development and residential projects under construction, lands under exploitation and development stage, lands Inventory and villas available for sale inventory. We have compared these estimates with the requirements of IFRS and discussed with management based on the available information.</p> <p>Furthermore, our audit procedures include evaluating the methodology as well used and the appropriateness of the valuation models and inputs used to determine the NRV / impairment of the Investment property, lands under development and residential projects under construction, lands under exploitation and development stage, lands Inventory and lands and villas available for sale inventory. Reviewing the project's cost to complete calculations, the reasonableness of the most important inputs used in the valuation process by reviewing the discounted future cash flows and the real estate valuations provided by the real estate valuers and other inputs, we also assessed the sufficiency of the important estimate's disclosures.</p>

**Independent Auditor's Report (Continued)**

**To the General Assembly of  
 Arab Phoenix Holding Company  
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**2- Legal cases and contingent liabilities**

Description of the key audit matter	How the matter was addressed in our audit
<p>In the normal course of business, contingent liabilities may arise from legal cases held against the Group and related fines. The amounts involved maybe significant and requires the application of International Financial Reporting Standards to determine the related exposure, if any, to be recognize the related liability (if any), determining of such liabilities requires management judgments and estimates, accordingly the determination of the contingent liabilities is considered a key audit matter. The disclosures related to the legal and contingent liabilities are summarized in Notes 2, 3, 22 and 27 to the consolidated financial statements.</p>	<p>Our audit procedures included the assessment of the Group's internal controls to determine the liabilities and the review of correspondence with the regulatory parties and the Group's external legal consultants on all significant legal cases, discussions with the Group's external legal consultant when necessary. In addition, we obtained formal confirmations from the Group's external legal consultants for all significant litigation and analyzed correspondences with regulators. We also assessed the sufficiency of disclosures made by the Group.</p>

**3- Revenue recognition**

Description of the key audit matter	How the matter was addressed in our audit
<p>Revenue recognition has been considered as a key audit matter due to the risk of errors in the revenues recording and recognizing. The Group focuses on revenues as a key indicator of its performance.</p> <p>The revenue disclosures are set out in Notes 2, 3, and 23 to the consolidated financial statements.</p>	<p>Our audit procedures include the assessment of the Group's accounting policies and internal procedures for the revenue recognizing in accordance with IFRSs. We also reviewed the Group's procedures used to ensure the completion of the revenue recognition elements and the full transfer of the Group's ownership to external parties in accordance with the sales contracts between all parties.</p> <p>We also assessed the adequacy of the policies and procedures prepared and adopted by the Group's management.</p>

**Other Information**

Management is responsible for the other information. The other information does not include the consolidated financial statements and our auditors' report on the consolidated financial statements.

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 were not provided with the annual report of the group or any other information as it relates to this paragraph until the date of this report.



### **Independent Auditor's Report (Continued)**

**To the General Assembly of  
Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And its subsidiaries (The Group)**

#### **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 IFRS, and for such internal control as management considers is necessary to enable the preparation and presentation of the 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 consolidated financial reporting preparation process.

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our audit report that includes our opinion on the consolidated financial statements.

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 aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of audit process 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 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 audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, we will modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit 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.



**Independent Auditor's Report (Continued)**

To the General Assembly of  
Arab Phoenix Holding Company  
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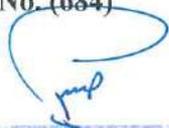
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.  
We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements of the Group.
- We communicate with those charged with governance regarding, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determined 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 audit 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 Group maintains proper accounting records. The accompanying consolidated financial statements are, in all material aspects, in agreement with the Group's accounting records, and we recommend that the Group's General Assembly approves these consolidated financial statements after taking into consideration the basis for qualified opinion and emphasis of matters paragraphs above.

**Certified Auditors**

**Ibrahim Al-Khatib**  
License No. (684)



**Amman–Jordan**  
**March 28<sup>th</sup>, 2021**



**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**  
**Consolidated Statement of Financial Position**

	Note	As of December 31,	
		2020 JD	2019 JD
<b>Assets</b>			
<b>Non-current -assets</b>			
Investments property	6	8,648,464	9,038,360
Lands under development and residential projects under construction	7	41,883,355	45,839,832
Lands under exploitation and development	8	3,445,694	3,733,784
Lands inventory	9	9,585,192	10,386,235
Property and equipment	10	7,400	10,428
Investment in associate company	11	29,153	1
Financial assets at fair value through other comprehensive income	12	1,548	1,548
<b>Total non-current assets</b>		<b>63,600,806</b>	<b>69,010,188</b>
<b>Current assets</b>			
Villas inventory available for sale	13	4,587,246	5,941,052
Construction materials inventory	14	2,739,171	2,754,829
Trade receivables and other debit balances	15	2,083,378	2,073,220
Checks under collection-due within less than a year		68,784	312,717
Cash and cash equivalents	17	49,390	51,562
		<b>9,527,969</b>	<b>11,133,380</b>
Held for sale assets	18	154,668	203,510
<b>Total current assets</b>		<b>9,682,637</b>	<b>11,336,890</b>
<b>Total Assets</b>		<b>73,283,443</b>	<b>80,347,078</b>
<b>Liabilities and shareholders' equity</b>			
<b>Shareholders' equity</b>			
Paid up capital	1	86,840,292	86,840,292
Fair value reserve	12	(286,519)	(286,519)
Excess of purchase cost over the book value of the owned shares in subsidiary		183,444	183,444
Accumulated losses		(40,146,206)	(36,662,644)
<b>Net shareholders' equity</b>		<b>46,591,011</b>	<b>50,074,573</b>
<b>Non-current liabilities</b>			
Advance payments received against sales - long term	19	11,160,434	13,252,025
<b>Total non-current liabilities</b>		<b>11,160,434</b>	<b>13,252,025</b>
<b>Current liabilities</b>			
Due to related party	16	-	133,816
Advance payments received against sales - short term	19	4,041,870	6,223,261
Trade payables and other credit balances	20	7,331,923	5,880,730
Income tax provision	21	935,563	1,014,432
Lawsuit's provision	22	3,222,642	3,768,241
<b>Total current liabilities</b>		<b>15,531,998</b>	<b>17,020,480</b>
<b>Total liabilities</b>		<b>26,692,432</b>	<b>30,272,505</b>
<b>Total liabilities and shareholders' equity</b>		<b>73,283,443</b>	<b>80,347,078</b>

The accompanying notes on pages from page (11) to page (50) are an integral part of these consolidated financial statements.  
The consolidated financial statements on pages from (7) to (50) were approved by the board of directors on March 28<sup>th</sup>, 2021.

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	For the year ended December 31,	
		2020	2019
		JD	JD
Sales of villas	23	5,003,517	1,410,954
Cost of sales villas	23	(4,880,603)	(1,383,740)
<b>Net profit from selling villas</b>		<b>122,914</b>	<b>27,214</b>
Gain from sale of lands' inventory		35,366	-
Investment property impairment loss	6	(389,896)	(139,719)
Lands under development and residential projects under construction impairment (loss) reversal	7	(728,123)	45,022
Impairment loss from lands under exploitation and development stage	8	(288,090)	(70,832)
Lands inventory impairment (loss) reversal	9	(740,900)	15,586
Gain from subsidiary sold	11	-	132,035
Company's share from associate company operating results	11	(5,532)	(3,592)
Lands and villas available for sale impairment loss	13	(227,155)	(44,401)
Construction materials inventory impairment loss	14	(2,006)	(24,229)
Held for sale assets impairment loss	18	(48,842)	-
Recoverable (expense) of expected credit losses	15	25,262	(79,637)
Gain from sale of assets held for sale	18	-	13,910
(Expense) reversal of tax fines provision	21	(10,514)	562,059
Lawsuits provision expenses	22	(393,444)	(40,416)
Other revenues	24	71,702	366,667
Administrative expense	25	(874,740)	(1,083,843)
<b>Loss for the year before income tax</b>		<b>(3,453,998)</b>	<b>(324,176)</b>
Income tax expense for the year	21	(28,180)	(57,166)
National contribution expense for the year	21	(1,384)	(2,754)
<b>Total Loss for the year</b>		<b>(3,483,562)</b>	<b>(384,096)</b>
<b>Other comprehensive income items that will never be reclassified to profit or loss statement:</b>			
Change in fair value for financial assets at fair value through other comprehensive income	12	-	(3,819)
<b>Total comprehensive loss for the year</b>		<b>(3,483,562)</b>	<b>(387,915)</b>
<b>Basic and diluted loss per share for the year</b>	26	<b>(0.0401)</b>	<b>(0.0044)</b>

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**Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
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Amman – Jordan**

**Consolidated Statement of Changes in Shareholders' Equity**

	Paid up Capital	Fair value reserve	Excess of purchase cost over the book value of the owned shares in subsidiary*	Accumulated losses	Net Shareholders' Equity
For the year ended December 31, 2020					
Balance as at January 1, 2020	86,840,292	(286,519)	183,444	(36,662,644)	50,074,573
Losses for the year	-	-	-	(3,483,562)	(3,483,562)
Other comprehensive income items	-	-	-	-	-
<b>Balance as of December 31, 2020</b>	<b>86,840,292</b>	<b>(286,519)</b>	<b>183,444</b>	<b>(40,146,206)</b>	<b>46,591,011</b>
For the year ended December 31, 2019					
Balance as at January 1, 2019	86,840,292	(282,700)	183,444	(36,278,548)	50,462,488
Losses for the year	-	-	-	(384,096)	(384,096)
Other comprehensive income items	-	(3,819)	-	-	(3,819)
<b>Balance as of December 31, 2019</b>	<b>86,840,292</b>	<b>(286,519)</b>	<b>183,444</b>	<b>(36,662,644)</b>	<b>50,074,573</b>

According to the Jordanian Securities Commission instructions the negative value of the cumulative change in fair value included in the retained earnings is prohibited from distribution to shareholders.

\*This item resulted from the group acquisition of the remaining 49% shares in Tanfeeth for Construction Company (accordingly becoming fully owned subsidiary) during the year 2015.

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Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And It's Subsidiaries (The Group)  
Amman – Jordan

Consolidated Statement of Cash Flow

	Note	For the year ended December 31,	
		2020	2019
		JD	JD
<b>Cash flows from operating activities</b>			
Loss for the year before income tax		(3,453,998)	(324,176)
<b>Adjustments:-</b>			
Investment property impairment loss	6	389,896	139,719
Lands under development and residential projects under construction impairment loss (reversal)	7	728,123	(45,022)
Land inventory impairment losses (reversal)	9	740,900	(15,586)
Depreciation	10	3,675	12,215
(Gain) from sales of subsidiaries	11	-	(132,035)
Gain from sale of property and equipment	10	(14,321)	(140,177)
Company's share from associate company operating results	11	5,532	3,592
Lands and villas available for sale impairment loss	13	227,155	44,401
Profits from sale of villas inventory available for sale		(158,280)	(27,214)
Held for sale assets impairment loss		48,842	-
Lands under exploitation and development stage impairment	8	288,090	70,832
Loss from Construction material inventory impairment	14	2,006	24,229
(Reversal) provision for expected credit losses	15	(25,262)	79,637
(Gain) from sale of assets held for sale	18	-	(13,910)
Provision (reversal) of tax fines	21	10,514	(562,059)
Lawsuits provision expense	22	393,444	40,416
		<b>(813,684)</b>	<b>(845,138)</b>
<b>Changes in working capital items:</b>			
Construction materials inventory	14	13,652	12,667
Trade receivables and other debit balances	15	15,104	73,369
Trade payables and other credit balances	20	233,165	(606,475)
Checks under collection		243,933	1,277,299
Advance payments received against sales		117,070	29,839
Net proceeds from sale of villas inventory available for sale	13	877,589	83,496
Additions over lands and projects under constructions and villas inventory	13,7	(525,594)	(654,168)
Due to related party	16	-	(5,200)
		<b>161,235</b>	<b>(634,311)</b>
Income tax paid	21	(120,448)	(291,773)
Lawsuits settlements paid	22	(21,889)	(2,117)
<b>Net cash flows from (used in) the operating activities</b>		<b>18,898</b>	<b>(928,201)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of subsidiary		-	740,000
Purchase of property and equipment	10	(792)	(4,122)
Proceeds from sale of property and equipment	10	14,406	140,212
Change in investment in associate company		(34,684)	-
Proceeds from sale of assets held for sale		-	50,850
<b>Net cash flows (used in) from investing activities</b>		<b>(21,070)</b>	<b>926,940</b>
Net change in cash and cash equivalents		(2,172)	(1,261)
Cash and cash equivalents at the beginning of the year	17	51,562	52,823
<b>Cash and cash equivalents at the end of the year</b>	17	<b>49,390</b>	<b>51,562</b>
<b>Non cash transaction:</b>			
Transferring lands under development to villas inventory		3,563,879	2,343,315
Transfer the ownership of villas and lands inventory against lawsuits, advance payments and creditors		5,549,919	1,400,028

The accompanying notes on pages from page (11) to page (50) are an integral part of these consolidated financial statements.

**Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And It's Subsidiaries (The Group)  
Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

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**1) General**

Arab Phoenix Holdings Company (Previously Taameer Jordan Holdings) public shareholding company "The Company" was established and registered in the ministry of industry and trade of Jordan under no (378) on December 19, 2005. The authorized paid-up capital amounted 212 million shares (1JOD /share) and paid-up capital amounted to JOD 211,982,573 as of December 31, 2014.

The General Assembly decided in its extraordinary meeting held on April 30, 2007 to change the company's legal status to become Taameer Jordan Holdings public shareholding company (holding company).

The General assembly decided in its extraordinary meeting held on April 18, 2015 to decrease the company's capital through amortizing the accumulated losses amounted to JOD 125,142,281 as of December 31, 2014 from its paid-up capital 211,982,573 JOD/Share, accordingly paid up capital after decrease is now amounted to 86.840,292 JOD/Shares, The Company completed the capital decrease procedures in the ministry of industry and trade of Jordan during 2015.

The general assembly decided in its extraordinary meeting held on April 12, 2017 to change the Company's name, the board of directors completed the related procedures at the Companies Control Department to change the Company's name to be (Arab Phoenix Holdings Company) previously Taameer Jordan Holdings.

The Company's Head office is located in Amman – Jordan, Um Othainah.

The consolidated financial statements for the year ended December 31, 2020 were approved by the Board of Directors on its meeting held on March 28<sup>th</sup>, 2021 and they are still subject to the Group's General Assembly approval.

**The main objectives of the Company are:**

- Trademarks and public agencies.
- Representation of local and foreign companies.
- Pursuit all businesses.
- Patents agencies.
- Ownership and rental of movable and immovable funds, for achieving the company's objectives.
- Properties finance leasing.
- Contracting with any party to achieve the company's objectives.
- Entering into investment contracts and partnership.

**2) Basis of preparation of consolidated financial information**

**a) Statement of compliance**

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

**b) Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for the financial assets at the fair value through profit or loss and financial assets at the fair value through other comprehensive income measured at fair value, financial assets and financial liabilities at amortized cost.

**c) Functional and presentation currency**

The consolidate financial statements are presented in Jordanian Dinar, which is the Group's functional currency.

**Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And It's Subsidiaries (The Group)  
Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

**d) Basis of financial statements consolidation**

	Authorized Capital JD	Paid up capital JD	Ownership	Nature of Operation	Country of operation
Al- Andalusia company for Tourist resorts and housing projects	6,000,000	6,000,000	%100	Construction, management and ownership of hotels and resorts, buying lands and construction of projects activities.	Amman-Jordan
Al-Qabas real estate development Company	2,000,000	2,000,000	%100	Purchase and development of lands, construction of housing projects for re-sale and rent activities.	Amman-Jordan
Tiraz for construction	200,000	100,000	%100	Implementation all Arab Phoenix Holding company projects and manage the construction of these projects.	Amman-Jordan
Al Madariyoun Concrete Industries.	200,000	100,000	%100	Preparation and processing of concrete molds and prefabricated concrete industries.	Amman-Jordan
Al Madariyoun Fabrication Industries	30,000	15,000	%100	Manufacturing and forming a timber to manufacture doors and furniture, and manufacturing and pulling aluminum and plastic windows.	Amman-Jordan
Taameer for investment	30,000	15,000	%100	Construction of housing projects of all types, construction, management and ownership of hotels and resorts.	Amman-Jordan
Al- Rawabet for real estate development	30,000	15,000	%100	Construction of trading complexes and renting, buying and selling of real estates and lands.	Amman-Jordan
Red sea resort for real estate development	30,000	15,000	%100	Construction of housing projects and trading complexes , buying and selling of real estates and lands after development, Construction, management and ownership of hotels and resorts.	Amman-Jordan
Tanfeeth for construction	300,000	300,000	%100	Implementation of construction contract and specializing in Electro mechanic business.	Amman-Jordan
Al Jamal Al-Arabi for real estate development company	1,194,460	1,194,460	%100	Buying and splitting real estate and land with the intention of selling it.	Amman-Jordan
Jordanian Qabas for real estate development company	2,043,946	2,043,946	%100	Buying and splitting real estate and land with the intention of selling it.	Amman-Jordan
Al Maha land investment & cal estate development company	394,916	394,916	%100	Buying and splitting real estate and land with the intention of selling it.	Amman-Jordan
Al Maha for Property Development Company (Associate Company)	12,000,000	12,000,000	%33.33	Real estate development.	Amman-Jordan

The consolidated financial information comprises the consolidated financial information of Arab Phoenix Holding (Taameer Jordan Holding Previously) (the parent company) and its subsidiaries "The Group", which are subject to its control. Subsidiaries are entities controlled by the Group, the Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of the subsidiaries is included in the consolidated financial information from the date on which controls commences until the date on which control ceases.

The consolidated financial statements of subsidiaries are prepared for the same financial year as the parent company and using the same accounting policies applied from the parent company. The Company owns the following subsidiaries and associates as of December 31, 2019:

There is a restriction on the parent company's shares in its subsidiaries and associates against litigations raised against the group by multiple parties as of December 31, 2020 and 2019.

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

The following table represents the financial position and financial performance of the

	As of December 31, 2020			
	Total Assets	Total Liabilities	Total Revenue	Profit (Loss) for the period
	JD	JD	JD	JD
Al-Andalusia company for tourist resorts and housing projects	26,863,523	6,741,669	655,715	(765,507)
Al- Qabas real estate development company	23,704,434	20,151,476	2,414,347	(867,835)
Al Tiraz for construction	3,606,613	192,861	-	(13,000)
Al Madariyoun concrete industries	6,409,383	7,763,219	-	(372,958)
Al Madariyoun fabrication industries	2,654,773	3,113,071	-	(182,960)
Taameer for investment	5,434,849	6,067,107	-	(128,500)
Al- Rawabet for real estate development	-	30,521	-	(5,553)
Red sea resort for real estate development	21,684,351	19,837,460	1,933,456	231,594
Tanfeeth for construction	5	288,006	-	(17,407)
Al Jamal Al-Arabi for real estate development company	1,136,520	680	-	(58,301)
Jordanian Qabas for real estate development company	1,994,800	680	-	(99,527)
Al Maha land investment & real estate development company	364,373	690	-	(30,914)

**subsidiaries as of December 31 2020:**

\*The second quarter of the year 2019 the company completed the procedures for the acquisition of four new companies with 100% ownership and the group's shares in the investment in the associated company "Al Maha for Real Estate Development Company" as shown in Note No. 11. In addition, the company made on July 18, 2019 the sale of one of these companies (Noor Al Maha Real Estate Development Company) resulted in the recognition of profits amounted to JOD 132,035.

The results of the subsidiary are consolidated in the consolidated statement of profit or loss and other comprehensive income at the date of acquisition, which is the date that actual control is obtained over the subsidiary.

The parent company controls subsidiaries when it is exposed, or has rights, to variable returns from its involvement with these subsidiaries and has the ability to affect those returns through its power over these subsidiaries.

Thus, the principle of control sets out the following three elements of control:

- 1. Power over the investee.**
- 2. Exposure, or rights, to variable returns from its involvement with the investee; and**
- 3. The ability to use power over the investee to affect the amount of the investor's returns.**

The parent company should reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Any gain on bargain purchases is recognized in statement of profit or loss and other comprehensive income immediately. Transactions costs are expensed as incurred, except if related to the issue of debt or securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognized in consolidated statement of profit or loss and other comprehensive income.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in consolidated statement of profit or loss and other comprehensive income.

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

---

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. This means that no gain or loss from these changes should be recognized in profit or loss. It also means that no change in the carrying amounts of the subsidiary's assets (including goodwill) or liabilities should be recognized as a result of such transactions

On loss of control, the parent-subsidiary relationship ceases to exist. The parent no longer controls the subsidiary's individual assets and liabilities. Therefore, the parent company:

- 1- Derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position.
- 2- Recognizes any investment retained in the former subsidiary at its fair value when control is lost subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRS.
- 3- Recognizes the gain or loss associated with the non-controlling interest.

Consolidated financial statements are prepared for the subsidiaries to the same financial year of the parent company and using the same accounting policies adopted by the parent company. If one of the subsidiary use accounting policies other than those adopted in the consolidated financial statements for similar transactions and events in similar circumstances, appropriate adjustments are made to that Group subsidiary's financial statements, in preparing the consolidated financial statements to ensure conformity with the International Financial Reporting Standards.

Non-controlling interest are measured at their proportionate share of the acquirer's identifiable net assets at the acquisition date.

Balances, transactions and unrealized profits and expenses resulted from transactions within the group are eliminated when preparing these consolidated financial statements.

**(a) Use of Judgments and estimates**

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

• **Judgments:**

The following is a summary of significant matters that materially affect the amounts of assets and liabilities in the consolidated financial statements: Classification of financial assets: An evaluation of the business model according to which assets are held and determining whether the contractual terms of the financial assets are of the principal amount and interest is on the original outstanding and unpaid amount.

Setting new standards to determine whether the financial assets have decreased significantly since their initial recognition and specifying a methodology for future aspirations and methods for measuring the expected credit loss.

Extension and termination options are included in a number of leases. These terms are used to increase operational flexibility in terms of contract management. Most of the hold and termination options held are renewable by both the Group and the lessor.

When determining the term of a lease, management considers all facts and circumstances that create an economic incentive for an option to extend, or not to terminate. The extension options (or periods after the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of an important event or a significant change in the circumstances that affect this evaluation and that are under the control of the tenant.

**Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And It's Subsidiaries (The Group)  
Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

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• **Uncertainty assumptions and estimates:**

Information about assumptions and uncertainties as of December 31, 2020 that involve significant risks arising from a material adjustment to the carrying amount of assets and liabilities in the financial year includes:

- Management periodically reassesses the economic useful lives of tangible assets and intangible assets based on the general condition of these assets and the expectation for their useful economic lives in the future.
- Management frequently reviews the lawsuits raised against the company based on a legal study prepared by the company's legal advisors. This study highlights potential risks that the company may incurred in the future.
- A provision for expected credit losses is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRS).
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Rental payments are deducted using the average lending rate and are reviewed annually by management.
- Management estimates the provision to decrease inventory to net realizable value if the cost of inventory may not be recoverable, damaged, wholly or partially obsolete, and its selling price to fall below cost or any other factors that causes the recoverable amount to be lower than its carrying amount.
- The group uses the percentage of completion method in recognizing the fixed price construction contracts, following this method require the management to estimate the delivered work till the date of the financial statements as percentage of the total work to be delivered.
- Lease payments are discounted using the average existing lending rate and are reviewed annually by the management.
- The management reviews the provision for expected credit losses on receivables, contractual assets and key assumptions in determining the weighted average loss rate.
- Management estimates the provision for income tax in accordance with the prevailing laws and regulations.

**Fair value measurement:**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- 1- In the principal market for the asset or liability, or
- 2- In the absence of a principal market, in the most advantageous market for the asset or liability. The asset or liability measured at fair value might be either of the following:
  - a) A stand-alone asset or liability; or
  - b) A group of assets, a group of liabilities or a group of assets and liabilities (e.g. a cash generating unit or a business).

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group Audit Committee.

**Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And It's Subsidiaries (The Group)**

**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The group recognizes the conversion between the levels of the fair value hierarchy at the end of the period.

Management believes that its estimates and assumptions are reasonable and sufficient.

**3) Significant accounting policies**

The accounting policies applied by the Company in these consolidated financial statements are the same as those applied by the Company in its consolidated financial statements for the year ended December 31, 2019, except of the new and revised standards set out in Note (4), which became effective as of January 1, 2020, as it did not have a material impact on the consolidated financial statements of the Group.

The following are the main accounting policies of the group:

**a) Financial Instruments:**

**- Recognition and initial measurement:**

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**- Classification and subsequent measurement:**

**• Financial Assets:**

According to IFRS 9 Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It's held within a business model whose objective is to hold assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:
  - It's held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
  - Its contractual terms give rise on specified dates to cash flows (that are solely payments of principal and interest on the principal amount outstanding).
- On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

**Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And It's Subsidiaries (The Group)  
Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

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- All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets – Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**- Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest**

- For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.
- In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:
  - Contingent events that would change the amount or timing of cash flows;
  - Terms that may adjust the contractual coupon rate, including variable-rate features;
  - Prepayment and extension features; and
  - Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And It's Subsidiaries (The Group)  
Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

**Financial assets – Subsequent measurement and gains and losses**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss

**Financial liabilities – Classification, subsequent measurement and gains and losses** Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

**-Derecognition**

**-Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

**Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**- Amendments to financial assets and liabilities**

**Amended financial assets**

The terms of the financial assets are modified, the Group assesses whether the cash flows of the modified assets are significantly different. If the cash flows are significantly different, the contractual rights of the cash flows from the original financial assets are canceled, and new financial assets are recognized at fair value and any related costs are added to them. Any commission received as part of the Amendment is calculated as follows:

- Commissions for determining the fair value of new assets and the fees that represent compensation for costs related to the new assets are included in the preliminary measurement of the new financial assets.

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

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- Other fees are included in the profit or loss from the profit or loss upon of derecognition. If cash flows are amendment in the event that the borrower faces financial difficulties, the goal of the amendment is generally to maximize the recoverable value of the original contractual terms instead of creating a new asset on different terms, if the group plans to modify financial assets in a manner that leads to an exemption from cash flows, then consideration is first Whether a decrease in a portion of the financial assets will be calculated before making the amendment to the financial assets. This approach affects the outcome of the quantitative evaluation and means that criteria for de-recognition have not been met in such cases.

**Amended financial liabilities**

- The Group derecognition of financial liabilities when their terms are modified, and the cash flows of the modified financial liabilities are materially different. In this case, new financial liabilities are recognized at fair value. The difference between the carrying amount of the financial liabilities canceled and the amounts paid is recognized in the consolidated statement of profit or loss.

**b) Impairment**

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Contract assets.
- The Company also recognizes loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.
- Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs except the following, and that is Measuring 12-month expected credit losses:

Debt securities identified as having low credit risk at the reporting date.

Debt securities and other bank balances that have not increased credit risk (i.e. default risk that occurs over the expected life of the financial instrument) significantly since the initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

**The Company considers a financial asset to be in default when:**

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- The financial asset is more than 120 days past due.
- The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.
- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The cost of 12-month credit losses is part of the expected credit losses that result from potential default events after 12 months within its date (or for a shorter period if the life expectancy of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

### **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

### **Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data: - Significant financial difficulty of the debtor;

- A breach of contract; - The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the debtor will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

### **- Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

### **Write-off**

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### **- Non-financial assets**

- The book value of the non-financial assets of the company is reviewed at the end of each fiscal year to determine whether there is an indication of impairment. Goodwill is tested for impairment annually.
- For impairment testing, assets are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.
- The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.
- An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. - Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
- For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**c) Investment in associates**

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Companies subject to joint control are those companies in which the group has joint control over its activities and is established through contractual agreements and its financial and operational decisions require unanimous approval.

Interests in associates and the joint venture are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees after preparation of adjustment to be in align with the group's accounting policies since the actual effective date of joint control till the actual effective stop date or joint control.

**d) Property and Equipment**

**Recognition and measurement**

- Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.
- Cost includes expenditures that are directly attributable to the acquisition of the property and equipment.
- When parts of an item of property and equipment have different useful lives, they are accounted for as separated items of property and equipment.
- Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within the consolidated statement of profit or loss and other comprehensive income.

**- Subsequent costs**

- The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.
- Ongoing costs of repair and maintenance of property and equipment are expensed in the consolidated statement of profit or loss and other comprehensive income as incurred.

**- Depreciation**

Depreciation is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

- The estimated useful lives of property and equipment for the current and previous year are as follows

<b>Items of property and equipment</b>	<b>Depreciation rate</b>
Buildings and projects	10-33%
Furniture and fixtures	15%
Tools and equipment	10-25%
Computers and software's	25%
Vehicles	15-20%

The group reviews the useful lives and depreciation for the property, plant and equipment at the end of each financial year.

**e) Lands under development and residential projects under construction**

Lands under development and residential projects under construction are measured at the lower of cost or net realizable value, the costs include expenditures incurred on projects under construction, conversion costs and other costs incurred on such project. Projects under construction are not depreciated till the related assets are ready for use or sale.

Net realizable value is the estimated selling price in the ordinary course of the business, less the estimated selling expenses.

**f) Lands under exploitation and development stage**

Lands under exploitation and development stage are measured at the lower of cost or net realizable value, the costs include expenditures incurred on these lands and its development, conversion costs and other costs incurred on such lands. No depreciation till the related assets is ready for use or sale. Net realizable value is the estimated selling price in the ordinary course of the business, less the estimated selling expenses.

**g) Assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less cost to sell. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

**h) Construction materials inventory**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Inventory includes lands inventory and construction materials since the main operation of the company is developing and selling real estate. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

**i) Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investments property is recognized initially at cost. Their fair values are disclosed on an annual basis in the consolidated financial statements, Investment property are revaluated annually by independent real-estate experts based on market values, in an active market.

**j) Revenues recognition**

Revenues Measured when transferred the material benefits and risk associated with ownership of the good are transferred to the buyer and when its cash return is probable, when costs incurred in the sale can be reliably calculated. And when the group is not in a position to actually exercise judgment of the goods, then you can reliably determine the revenue from the sale in it is probable that the economic benefits associated with the sale will flow. If it is possible to measure the discount reliably, the deduction from the revenue or sales will be recorded as recognized.

The Group mainly generates revenue from the services provided to its clients. Revenue is measured based on the considerations specified in the contract with the customer. Where the Group recognizes revenue when control is transferred at a specified time or over time - over a good or service to a customer in accordance with IFRS 15 as follows:

- 1- Defining the contract (s) with the customer: The contract is defined as an agreement between two or more parties that creates enforceable rights and obligations.
- 2- Determine performance obligations in the contract.
- 3- Determination of the transaction price: The transaction price is the amount of consideration that the company expects to receive in exchange for transferring the promised goods or services to the customer, except for the amounts that are collected on behalf of third parties.
- 4- Assigning the transaction price to the performance obligations in the contract. For a contract that contains more than one performance obligation, the company will allocate the transaction price to each performance obligation in an amount that indicates the amount of consideration that the company expects to receive in exchange for fulfilling each performance obligation.
- 5- The company recognizes revenue when (or as) the company fulfills the obligation to perform at a specified time or over time.

The company fulfills the performance obligation and recognizes revenue over time, if one of the following criteria is met:

**Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And It's Subsidiaries (The Group)  
Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

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- The customer receives and consumes the benefits at the same time the company performs the service or commodity; or
- The company's performance creates or improves the assets that the customer controls when creating or improving the asset; or
- The company's performance does not lead to the creation of an asset with an alternative use of the company, and the company has an enforceable right to pay for the completed performance so far.

**k) Foreign Currency Transactions**

Transactions in foreign currencies during the year are translated at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jordanian Dinar at the exchange rate at that date.

The foreign currency gain (loss) on monetary items is the difference between amortized cost in Jordanian Dinar at the beginning of the year, adjusted for effective interest rate and payments during the year, and the amortized cost in foreign currency translated to JOD at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Jordanian Dinar at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation of foreign currencies to Jordanian Dinar are recognized in the consolidated statement of profit or loss and comprehensive income.

**i) Fair value for financial assets**

Fair values represent the amount with which an asset could be exchanged, or a liability settled, in a transaction between knowledgeable, willing parties in an arm's length transaction at the measurement date if the asset exists. In the absence of an asset, the most advantageous market price for which the group has access is used on this date. The fair value of the liability reflects the risk of non-performance. Several the Group's accounting policies and disclosures require a measurement at the fair value of financial and non-financial assets and liabilities.

The Group measures the fair value of an instrument using the quoted price in an active market for that instrument, if available. A market is considered "active" if the asset is committed or committed to enough frequency and volume to provide pricing information on an ongoing basis.

If there is no fixed price in an active market, the Group uses valuation techniques that increase the use of relevant measurable inputs and reduce the use of non-measurable inputs.

The selected valuation technique includes all factors that market participants will take to determine the transaction price.

If the asset or liability measured at fair value has a supply price and a Demand price, the group measures the assets based on the supply price and the liabilities at the Demand price.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price - that is, the fair value of the consideration paid or received. If the Group determines that the fair value upon initial recognition differs from the transaction price, the fair value is established through a specified price in an active market for a similar asset or liability and is not based on the valuation technique that considers that any non-measurable input is not significant in relation to the measurement, then it is measured. A financial instrument, initially at fair value, is adjusted to defer the difference between the fair value upon initial recognition and the transaction price.

Later, this difference in profit or loss is recognized on an appropriate basis over the life of the instrument, but recognition of the difference depends on the availability of measurable data or if the transaction is closed (sale of the financial instrument).

Offsetting is performed between financial assets and financial liabilities and the net amount is disclosed in the consolidated statement of financial position only when Founding legal rights are available and also when they are settled on a clearing basis or the realization of the assets and the settlement of liabilities at the same time.

**ii) Date of recognition of financial assets**

Purchase and sell of financial assets are recognized on the trading date (date when company commitment to sell or buy financial assets).

**iii) Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**iv) Finance expenses**

Finance expenses comprise interest expense on borrowings. All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the consolidated statement of profit or loss and other comprehensive income using the effective interest method.

**v) Earnings per share**

Basic and diluted earnings per share are calculated. The profit per basic share is calculated by dividing the profit or loss for the year attributable to the shareholders of the group by the weighted average number of ordinary shares during the year. The profit for the diluted share is calculated by adjusting the profit or loss for the year attributable to the shareholders of the group and the weighted average number of ordinary shares, so that the effect on the share of the profits of all ordinary shares traded during the year and the probability of its return declining.

**vi) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in statement of profit or loss and other Comprehensive income except to the extent that it relates to a business combination, or items recognized directly in profit or loss and other Comprehensive income or in other consolidated comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the consolidated reporting date, the effect of the adjustments on the tax law number 38 for the year 2018 was considered in these consolidated financial statements.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current taxes payable is calculated at an income tax rate of 20% in Amman, 5% in Aqaba and 1% for the national contribution in accordance with the new prevailing income tax law in the Hashemite Kingdom of Jordan.

**Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And It's Subsidiaries (The Group)  
Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

**4) New standards or amendments for 2020 and requirements for the upcoming period**

- For annual reports beginning on or after 1 January 2020, the following are newly effective requirements (excluding amendments to IFRS 16; see effective dates below).
- Requirements for upcoming periods: This schedule includes the most recent amendments to IFRSs, which must be submitted for the annual period beginning after January 1, 2020 and available for early application for annual periods beginning on January 1, 2019.

**New and effective amendments**

<b><u>Effective date</u></b>	<b><u>The New standards or amendments</u></b>
January 1, 2020	International Accounting Standard No. (1) Presentation of Financial Statements and International Accounting Standard No. (8) Accounting Policies, Changes in Accounting Estimates and Errors (Disclosures Initiative-Definition of Material)
January 1, 2020	International Financial Reporting Standards No. (3) Business Combinations (amendment - Definition of A Business)
January 1, 2020	Conceptual framework for financial reporting.
January 1, 2020	Interest Rate and Its Impact on Financial Reports - Phase (1) Reform.
June 1, 2020	Covid 19 - Related Rental Concessions - Amendment to IFRS 16.

**New standards, interpretations and amendments that have not yet become effective.**

There are a number of standards and amendments to standards and interpretations issued by the International Accounting Standards Board that are considered in effect in future accounting periods that the company decided not to adopt early.

The following amendments are valid for the period beginning on January 1, 2022.

<b><u>Effective date</u></b>	<b><u>The New standards or amendments</u></b>
January 1, 2022	International Accounting Standard No. (37) Cost of Fulfilling a Contract
January 1, 2022	International Accounting Standard No. (16) Property, Plant and Equipment — Proceeds before Intended Use
January 1, 2022	Annual improvements to international standards for the preparation of annual reports 2018-2020 (IFRS 1, IFRS 9), IFRS 16 and IAS 41.
January 1, 2022	International Standards for the Preparation of Annual Reports No. (3) to refer to the Conceptual Framework.

**5) Segment Reporting**

An operating segment is a group of components of the Company affected by risks and returns that distinguish it from others and engages in producing products or services known as operating segments or engages in producing products or services within economic environments known as geographical segments.

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

**a) Operating Segment**

The Company operates its activities in major operating segments, which represents the follows:

- Manufacturing.
- Real estate.
- Contracting businesses.

	<u>Manufacturing</u>	<u>Real estate</u>	<u>Construction</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
<b><u>For the year ended December 31, 2020</u></b>				
Segment net revenues	-	122,915	-	122,915
Impairment expenses	(438,736)	(1,984,268)	-	(2,423,004)
Lawsuits provision	(124)	(390,062)	(3,258)	(393,444)
Income Tax fines provision	-	(9,368)	(1,146)	(10,514)
Administrative other expenses and other revenues	(117,059)	(606,922)	(25,970)	(749,951)
<b>Segment (loss) Gain</b>	<b>(555,919)</b>	<b>(2,867,705)</b>	<b>(30,374)</b>	<b>(3,453,998)</b>
Segment total assets	8,950,397	64,332,952	94	73,283,443
Segment total liabilities	236,787	26,052,725	402,920	26,692,432
	<u>Manufacturing</u>	<u>Real estate</u>	<u>Construction</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
<b><u>For the year ended December 31, 2019</u></b>				
Segment net revenues	-	27,214	-	27,214
Impairment expenses	(158,669)	(54,619)	-	(213,288)
Lawsuits provision	64,882	(102,039)	(3,259)	(40,416)
Income Tax fines provision	750	561,809	(500)	562,059
Administrative other expenses and other revenues	(160,665)	(513,847)	14,767	(659,745)
<b>Segment (loss) Gain</b>	<b>(253,702)</b>	<b>(81,482)</b>	<b>11,008</b>	<b>(324,176)</b>
Segment total assets	9,387,500	70,959,402	176	80,347,078
Segment total liabilities	210,130	29,683,788	378,587	30,272,505

**b) Geographical Segment**

The Group carries out all its activities within the Hashemite Kingdom of Jordan.

**6) Investment Property**

	<u>As of December, 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>JD</u>	<u>JD</u>
Cost*	14,871,134	14,871,134
Less: impairment provision**	(6,222,670)	(5,832,774)
<b>Total</b>	<b>8,648,464</b>	<b>9,038,360</b>

\*The movement on the cost during the year was as follows:

	<u>As of December, 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>JD</u>	<u>JD</u>
Cost*	14,871,134	14,871,134
Additions (Disposals) during the year	-	-
<b>Total</b>	<b>14,871,134</b>	<b>14,871,134</b>

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

\*\*The movement on the Impairment provision during the year was as follows:

	<b>As of December, 31</b>	
	<b>2020</b>	<b>2019</b>
	<b>JD</b>	<b>JD</b>
Balance at the beginning of the year	5,832,774	5,693,055
Additions during the year	389,896	139,719
<b>Balance at the end of the year</b>	<b>6,222,670</b>	<b>5,832,774</b>

The investment property represents lands and hangers registered in Al Madariyoun concrete industries and Al Madariyoun fabrication industries, Where The management plan for this item is to study options for selling or leasing the projects.

The investment property item includes land and building with a net book value of JOD 8,648,464 as at December 31,2020 which is reserved against claims against the Group. Three dependent evaluation expert estimated the fair value of these investments at JOD 8,648,464.

Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And It's Subsidiaries (The Group)  
Amman – Jordan

Notes to The Consolidated Financial Statements for the year ended in December 31, 2020

7) Lands under development and residential projects under construction

	Al-Sharq city Projects (1)	Red Sea Village Project (2)	Al Andalusia Project (3)	Ahl-Alazem Project (4)	Total
	JD	JD	JD	JD	JD
<b>As of December 31, 2020</b>					
Beginning balance	14,282,075	31,108,943	7,109,104	20,203,331	72,703,453
Additions	88,882	243,891	2,752	-	335,525
Transferred to lands and villas available for sale inventory (note 13)	(1,441,338)	(2,016,868)	(797,592)	-	(4,255,798)
Transferred from lands and villas available for sale inventory (note 13)	73,096	-	-	-	73,096
Impairment provision	(1,018,888)	(8,501,713)	(2,629,932)	(14,822,388)	(26,972,921)
<b>Ending balance</b>	<b>11,983,827</b>	<b>20,834,253</b>	<b>3,684,332</b>	<b>5,380,943</b>	<b>41,883,355</b>
<b>As of December 31, 2019</b>					
Beginning balance	14,514,847	32,574,312	7,423,154	20,203,331	74,715,644
Additions	67,623	569,949	13,512	-	651,084
Transferred to lands and villas available for sale inventory (note 13)	(300,395)	(2,035,318)	(327,562)	-	(2,663,275)
Impairment provision	(1,004,288)	(8,287,235)	(2,806,195)	(14,765,903)	(26,863,621)
<b>Ending Balance</b>	<b>13,277,787</b>	<b>22,821,708</b>	<b>4,302,909</b>	<b>5,437,428</b>	<b>45,839,832</b>

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

The movement on the impairment provision during the year was as follows:

	<b>As of December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>JD</b>	<b>JD</b>
Balance at the beginning of the year	26,863,621	27,229,793
(Reversal) additions during the year	728,123	(45,022)
Transferred to Villas available for sale inventory (note 13)	(618,823)	(319,960)
Used during the year	-	(1,190)
<b>Balance at the end of the year</b>	<b>26,972,921</b>	<b>26,863,621</b>

- (1) Qabas for real estate development with it subsidiary of Arab Phoenix Holding Company signed agreement with The National Resources Investment and Development Corporation on 17 January 2005 to buy lands in Al-Abdalia area/ Zarqa for the purposes of Residential project construction, and these lands are registered in the company's name.

The group conducted impairment testing on Al-Sharq City project related to Lands under development and residential projects under construction and Lands and villas inventory available for sale No. (13) to reflect the fair value of the project due to its impairment indications in its value and has resulted an impairment amounted to JOD 227,908 for the year ended December 31, 2020, the group has used the actual evaluation method of the project through three residents licensed by the Survey and Land Department and the fair value rate has been approved.

The company started the construction of 253 Villa during 2005, and continues the construction works starting from the second quarter of the year 2016 on separate phases up to three years, with total estimated cost amounted to JOD 8,353,153. This plan is based on internal financing resources through selling a number of assets owned by the company or selling the project on stages basis and using its generated cash flows to finance the next stages, or attracting new Investors to engage as a partners in the development of the project.

During the year 2018, the group worked on finishing 50% of the second phase villas and about 20% of the third phase villas, during the year 2020 the group sale and transfer ownership of 29 villas (2019: 4 villas).

- (2) Qabas for real estate development signed agreement with Aqaba Special Economic Zone Authority on August 8, 2005, for which according to the signed agreement the company purchased lands for the purposes of the construction and operating of real estates, buildings and villas, the ownership of this land is transferred to Red sea for real estate development Company according to the rights transfer agreement.

During the fourth quarter of 2015, the company's management has reached to an agreement with Aqaba Special Economic Zone Authority to re-activate the project after 4 years of works suspension, these negotiations led to the issuance of the Prime Ministry approval dated March 6, 2016 to extend the project completion period.

The project was divided into five phases to be completed within five years, its total estimated cost amounted to JOD 17,214,925 based on internal financing resources through selling a number of assets owned by the group or selling the project on stages basis and using its generated cash flows to finance the next stages, or attracting new Investors to engage as a partners in the development of the project.

The group conducted impairment testing on Red sea project related with to Lands under development and residential projects under construction and Lands and villas inventory available for sale No. (13) to show the net realizable value of this project and has resulted an impairment amounted to JOD 580,529 during the year ended December 31, 2020, The group has used the actual evaluation method of the project through three real estate evaluators licensed by the Survey and Land Department and the fair value rate has been approved in addition to studying the expected results of the net realizable value of the villas associated with contracts to promise to sell .

**Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And It's Subsidiaries (The Group)  
Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

During the year 2019 the group increased the percentage of completion in phase one and two to become 90% .In 2020, the group completed the process of waving and transferring 14 Villas of the project.

During the year 2020, the group obtained a written approval to extend the completion period of the project till March 7, 2021 as a condition to exempt the delay penalties, the company has applied for additional period extension and the request still under study.

- (3) Al-Andalusia Company for Tourist Resorts and Housing projects main operations are the construction of Villas on lands purchased for this objective for the purpose to be re-sold. During the year 2014, number of villas and lands costing JOD 52 Million were waived /disposed according to the debt restructuring agreements with local banks and other group liabilities settlements.

The Group conducted impairment study regarding Al-Andalusia project related to Lands under development and residential projects under construction and Lands and villas inventory available for sale No. (13) to reflect the net realizable value of this project, taking in to consideration there are contracts (promises) to sell most of these villas, this study resulted in recording impairment expense amounted to JOD 90,355 for the year ended December 31, 2020.

During the year 2017, the Group completed all finishing work for the health club and infrastructure works, in addition to being able to obtain the work permit for the club. During 2019, the group completed the process of selling and waiving 4 villas. During 2020 the group completed the process of selling and waiving 2 villas.

- (4) Tameer Investment Company signed partnership agreement with Housing and Urban Development Corporation for the purpose of the construction of an integrated residential city in Al-Geza area, the Corporation contributed with the necessary lands for the project construction and the company is assigned to construct and build the project, then the revenues from the sales will be shared between both parties according to the agreed upon percentages in the contract.

After holding the project for five years, the company's management communicated Housing and Urban Development Corporation to complete the project for which 127 building was completed at different stages, during the first quarter of 2016, the Prime Ministry approval issued on January 4th 2016 to give the company a grace period of time for the preparation of new studies and work plan to complete the project with an estimated cost amounted to JOD 56,061,132 for the first phase. For this purpose agreement to be signed during 6 months, this is based on internal financing resources through selling a number of assets owned by the company or selling the project on stages basis and attracting new Investors to engage as a partners in the development of the project, The Group is still in contact with the General Establishment for Housing and Urban Development to approve the studies and the new work plan which was provided to the Corporation by the Group during the year 2016 in order to start implementing the company plan.

During the year 2019, the company provided an impairment on Ahl-Alazem project due to impairment indications in its value and has resulted an impairment amounted to JOD 56,486 for the year ended December 31,2020 and accordingly the provision balances amounted JOD 14,822,388 as of December 31, 2020. the company used the method of actual assessment for the projects through using three dependent evaluation experts and using the average fair value.

During 2018, the company completed its follow up on the proposed plan, but the matter was not completed, which led the company to take other legal actions to protect the rights of the company and its shareholders, resulted from these legal actions that the Housing and Urban Development Corporation communicated to the group that the agreement is legally terminated. The Group management is currently discussing the options with the Corporation to agree in the next course of action for the construction of this project, these discussions resulted in an agreement between both parties to discontinue the arbitration between the company and the corporation as per the letter dated 17 March 2019. During the month of September 2019, the initial understanding was concluded between the group and the corporation, provided that the group would purchase the land.

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

However, and based on the group's lawyer consultation that management relied on, the agreement states that the group should be compensated for all executed works if the HUDC has decided to terminate the agreement except for any off-specifications works. Regarding the claim for the expenses of assessing the executed works till now, the required provision was recorded and regarding the cost of removing any off-specifications executed works the management has considered it as immaterial although the related impairment and provisions have been recognized based on the real estates assessors. Accordingly, the management does not expect additional losses from what has been recognized in the consolidated financial statements so far. In the opinion of the group's management, the options presented are still under discussion with the concerned authorities, including the continuation of the project.

\*Lands under development and residential project under construction includes lands and projects at net book value amounted to 41,883,355 as of December 31 2020 (2019: 45,839,832) reserved for lawsuits raised against the Group.

**8) Lands under exploitation and development stage**

As mentioned in Note (11), the acquisition of subsidiary companies (Al-Maha Land Investment & Real Estate Development Company, Al Jamal Al-Arabi for Real Estate Development Company, Jordanian Qabas Real Estate Development Company) resulted in the group owning the rights to exploit and develop land in the amount of JD 3,445,694 as of December 31 2020, which represents the right of these companies to a total of three land plots for the purposes of development and establishment of projects in Al- Zarqa region according to the agreements signed between these companies and the National Resources Investment and Development Corporation (Mawared). According to the agreement annex signed on September 24, 2017, the project completion period extended for 6 years from the signing date. The company is committed to the implementation stages of the project during the agreed period.

Lands under exploitation and development stage with a net book value amounted to JOD3,445,694 As of December 31, 2020 includes the following:

	As of December, 31	
	2020	2019
	JD	JD
Payments due to land acquisition	3,156,954	3,156,954
Land development expenses	647,662	647,662
<b>Balance</b>	<b>3,804,616</b>	<b>3,804,616</b>
	As of December, 31	
	2020	2019
	JD	JD
Balance of lands under exploitation and development stage	3,804,616	3,804,616
Impairment provision *	(358,922)	(70,832)
<b>Total</b>	<b>3,445,694</b>	<b>3,733,784</b>

The group conducted an impairment test of the value of these lands, which resulted in impairment recognized amounted to JOD 288,090 for the year ended December 31, 2020 (2019: 70,832), The Group has used the actual project evaluation method through using three dependent evaluation experts and using the average fair value.

\* The movement on the impairment provision during the year was as follows:

	As of December, 31	
	2020	2019
	JD	JD
Beginning balance	70,832	-
Additions	288,090	70,832
<b>Ending balance</b>	<b>358,922</b>	<b>70,832</b>

Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And It's Subsidiaries (The Group)  
Amman – Jordan

Notes to The Consolidated Financial Statements for the year ended in December 31, 2020

9) Lands inventory

	As of December, 31	
	2020	2019
	JD	JD
Sorted lands	5,872,130	6,287,374
Un-sorted lands	3,713,062	4,098,861
<b>Total</b>	<b>9,585,192</b>	<b>10,386,235</b>

	As of December, 31	
	2020	2019
	JD	JD
Cost*	13,687,177	13,687,177
Disposition at cost	(60,143)	-
Less: Lands inventory impairment provision	(4,041,842)	(3,300,942)
<b>Total</b>	<b>9,585,192</b>	<b>10,386,235</b>

\*This item includes lands with a net book value amounted to JOD 9,585,192 as of December 31, 2020 (2019: JOD 10,386,235) reserved for lawsuits raised against the group.

The average fair value for the lands amounted to JOD 9,610,043 as of December 31, 2020 (2019: JOD 10,439,453).

\*\*The movement on the lands inventory impairment provision during the year was as follows:

	As of December, 31	
	2020	2019
	JD	JD
Beginning balance	3,300,942	3,316,528
(reversal) impairment losses during the year	740,900	(15,586)
<b>Ending balance</b>	<b>4,041,842</b>	<b>3,300,942</b>

Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And Its Subsidiaries (The Group)  
Amman – Jordan

Notes to The Consolidated Financial Statements for the year ended in December 31, 2020

<u>Cost</u>	<u>Buildings and projects equipment's</u>	<u>Furniture and fixtures</u>	<u>Machines and equipment</u>	<u>Computers and software's</u>	<u>Vehicles*</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance as of January 1 2020	528,648	159,166	177,156	226,544	417,010	1,508,524
Additions	-	328	464	-	-	792
Disposals	(121,511)	(71,612)	(82,330)	-	-	(275,453)
<b>Balance as of December 31 2020</b>	<b>407,137</b>	<b>87,882</b>	<b>95,290</b>	<b>226,544</b>	<b>417,010</b>	<b>1,233,863</b>
<u>Accumulated Depreciation</u>						
Balance as of January 1 2020	528,010	156,035	170,786	226,264	417,001	1,498,096
Depreciation for the year	135	925	2,340	275	-	3,675
Disposals	(121,465)	(71,469)	(82,374)	-	-	(275,308)
<b>Balance as of December 31 2020</b>	<b>406,680</b>	<b>85,491</b>	<b>90,752</b>	<b>226,539</b>	<b>417,001</b>	<b>1,226,463</b>
<u>Cost</u>						
Balance as of January 1 2019	632,026	156,836	224,564	226,544	868,347	2,108,317
Additions	-	2,330	1,792	-	-	4,122
Disposals	(103,378)	-	(49,200)	-	(451,337)	(603,915)
<b>Balance as of December 31 2019</b>	<b>528,648</b>	<b>159,166</b>	<b>177,156</b>	<b>226,544</b>	<b>417,010</b>	<b>1,508,524</b>
<u>Accumulated Depreciation</u>						
Balance as of January 1 2019	624,759	154,962	216,833	225,158	868,049	2,089,761
Depreciation for the year	6,608	1,073	3,150	1,106	278	12,215
Disposals	(103,357)	-	(49,197)	-	(451,326)	(603,880)
<b>Balance as of December 31, 2019</b>	<b>528,010</b>	<b>156,035</b>	<b>170,786</b>	<b>226,264</b>	<b>417,001</b>	<b>1,498,096</b>
<b>Net Book value as of December 31, 2020</b>	<b>457</b>	<b>2,391</b>	<b>4,538</b>	<b>5</b>	<b>9</b>	<b>7,400</b>
<b>Net Book value as of December 31, 2019</b>	<b>638</b>	<b>3,131</b>	<b>6,370</b>	<b>280</b>	<b>9</b>	<b>10,428</b>

) Property and equipment

\* Property and equipment include vehicles at net book value amounted to JOD 9 as of December 31, 2020 (2019: JOD 9) reserved against lawsuits raised against the group.

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

**11) Investment in associate company**

	As of December 31,	
	2020	2019
	JD	JD
<b>Investment percentage</b>	33.33%	33.33%
Non-Current assets	8	8
Current assets	11,960,716	11,960,740
Current liability	34,868	18,297
<b>Net assets</b>	<b>11,925,856</b>	<b>11,942,451</b>
Revenue	-	-
Cost of revenue	-	-
Administrative expenses	(16,595)	(10,776)
<b>Total comprehensive loss for the period / year</b>	<b>(16,595)</b>	<b>(10,776)</b>
<b>Share of comprehensive loss for the period / year</b>	<b>(5,532)</b>	<b>(3,592)</b>

The movement on the investment in associate company balance during the year was as follows:

	2020	2019
	JD	JD
Balance of investment	3,980,818	3,984,410
Company's share from associate company operating results	(5,532)	(3,592)
Transferred from due to related party*	(3,946,133)	(3,980,817)
<b>Ending balance of the period / year</b>	<b>29,153</b>	<b>1</b>

\*This item for the year 2018 represent the group share from Al Maha for Property Development amortized accumulated losses based on the company's extraordinary General Assembly meeting dated on November 5, 2018.

\*This item for the year 2019 represents part of the balance due on the group in favor of the allied company resulting from the land distribution process.

Al-Maha for Real Estate development company owns lands with a fair vaule amounted to JOD 12,553,688 as of December 31, 2018. The company's general assembly decided in it's meeting conducted on 22 September 2010 to distrubite these lands over the company's owners, note that the group share of the fair value of these lands covers the Investment amount in this company and the recivable balance due from the company (note 16) as of December 31, 2018. During the last Quarter of 2018 AIMaha for property invesment started the process of distributing its lands to the company owners accordingly to the extraordinary General Assembly meeting held on November 5, 2018, Note that the transfer ownership procedures were completed by the relevant official departments during April 2019, As a result of this process, Al Qabas Real Estate Development Company (a subsidiary of the group) owns four companies with 100% ownership (Al-Maha Land Investment & Real Estate Development Company Al Jamal Al-Arabi for Real Estate Development Company, Jordanian Al Qabas Real Estate Development Company, Noor Al Maha Real Estate Development Company) the group subsequently sold One of these companies and generated a profit of JOD 132,035.

The results of these companies have been consolidated in the acompanying consolidated financial statements. As a result of this consolidation, the group owns the rights to exploit and develop land in the amount of JOD 3,445,694 which represents the right of these companies with a total of three plots of land for the purposes of development and construction of Rents in the Zarqa region according to the agreement signed between these companies and the National Resources Investment and Development Corporation.

Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And It's Subsidiaries (The Group)  
Amman – Jordan

Notes to The Consolidated Financial Statements for the year ended in December 31, 2020

12) Financial assets at fair value through other comprehensive income

	As of December, 31	
	2020	2019
	JD	JD
<b>Shares in local companies:</b>		
Arab Investors Union Company (Suspended from trading) *	2	2
Inwan Investment PLC (under liquidation) *	1	1
Al Quds Readymix*	1545	1545
	<u>1,548</u>	<u>1,548</u>

\*The shares of Arab Investors Union Company include a total of 109,600 shares held by order of the court. The shares of Inwan Investment PLC (under liquidation) include a total of 11,831 shares held by order of the court. The shares of Al Quds Readymix include a total of 5,329 shares reserved for membership purposes.

The movement on the fair value reserve during the year was as follows:

	As of December, 31	
	2020	2019
	JD	JD
Beginning balance	(286,519)	(282,700)
Change in fair value	-	(3,819)
<b>Net fair value</b>	<u>(286,519)</u>	<u>(286,519)</u>

13) Villas Available for Sale Inventory

	As of December, 31	
	2020	2019
	JD	JD
Villas available for sale inventory *	5,837,417	6,917,585
Provision for impairment of villas available for sale **	(1,250,171)	(976,533)
<b>Net fair value</b>	<u>4,587,246</u>	<u>5,941,052</u>

\*The movement on villas available for sale inventory during the year was as follows:

	As of December, 31	
	2020	2019
	JD	JD
Balance at the beginning of the year	6,917,585	6,111,904
Transfer from Lands under development and housing Projects under construction (Note 7)	4,255,798	2,663,275
Transfer to Lands under development and housing Projects under construction (Note 7)	(73,096)	-
Adjustments on the cost of villas during the year	190,057	3,084
Sale of residential units	(5,452,927)	(1,860,678)
<b>Balance at the end of the year</b>	<u>5,837,417</u>	<u>6,917,585</u>

Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And It's Subsidiaries (The Group)  
Amman – Jordan

Notes to The Consolidated Financial Statements for the year ended in December 31, 2020

\*\*The movement on the provision during the year was as follows:

	As of December 31,	
	2020	2019
	JD	JD
Balance at the beginning of the year	976,533	1,101,544
Additions	227,155	44,401
Transfer from Lands under development and housing Projects under construction (Note 7)	618,823	319,960
Used during the year - the cost of villas sold	(572,340)	(489,372)
<b>Balance at the end of the year</b>	<b>1,250,171</b>	<b>976,533</b>

This item represents villas ready for immediate transfer ownership to customers according to the Engineering Department studies as on December 31, 2020.

\* The inventory of lands and villas available for sale with a net book value of JOD 4,587,246 as of December 31, 2020 (2019: JOD 5,941,052) is seized in exchange for legal cases against the group.

14) Construction Materials Inventory

	As of December 31,	
	2020	2019
	JD	JD
Raw materials	2,921,276	2,934,928
Less: Construction materials impairment provision*	(182,105)	(180,099)
	<b>2,739,171</b>	<b>2,754,829</b>

\*The movement on the provision during the year was as follows:

	As of December 31,	
	2020	2019
	JD	JD
Balance at the beginning of the year	180,099	155,870
Additions during the year	2,006	24,229
<b>Balance at the end of the year</b>	<b>182,105</b>	<b>180,099</b>

According to the management's estimates, the largest proportion of construction materials Inventory as of December 31, 2020 will be used to complete the group's projects (note 7) and not for the purpose of selling to external parties.

15) Trade Receivables and Other Debit Balances

	As of December 31,	
	2020	2019
Account receivables*	2,254,005	2,248,094
Checks under collection**	4,503,370	4,503,370
	<b>6,757,375</b>	<b>6,751,464</b>
Advance payments to suppliers and contractors	845,392	870,379
Prepaid expenses	39,868	34,951
Refundable deposits	354,125	357,167
Sales tax deposits	59,829	59,829
Employee income tax deposits and others	56,472	56,472
Others	1,808	2,199
<b>Total trade and other debit balances</b>	<b>8,114,869</b>	<b>8,132,461</b>
Less: Expected credit losses provision***	(6,031,491)	(6,059,241)
	<b>2,083,378</b>	<b>2,073,220</b>

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

\* This item includes a balance of JOD 1,444,587 representing a previous receivable that the Group has taken legal action to claim its collection, as a result of these legal procedures court decision number (2234) issued during the year 2011 requiring the second parties to pay the due balances to the group. As per the agreement signed with the second parties dated 29 of December 2013 it was agreed that they would wave a portion of their share in Al Luban land with amount that equals the due balance to the group. The required registration procedures still have not been completed by the relevant official department up to the date of the consolidated financial statements.

The group share of the fair value of the land as of December 31, 2020 equals JOD 1,584,103, the group used the method of actual assessment for the lands through using three dependent evaluation experts and using the average fair value.

\*\*There is a lawsuit filed by the group against the Industrial and Real Estate Investors Company to claim these checks, and a decision was issued on February 18, 2013 that obligates the defendant company to pay the amount, expenses, fees and legal interest, the implementation of the decision was suspended as the Industrial and Real Estate Investors Company appealed the decision.

\*\*\*The movement on the expected credit losses provision during the year was as follows:

	<u>2020</u>	<u>2019</u>
	<u>JD</u>	<u>JD</u>
Balance at the beginning of the year	6,059,241	5,989,604
Released provision	(25,262)	(2,115)
Additions during the year	-	81,752
Used during the year	(2,488)	(10,000)
<b>Balance at the end of the year</b>	<b><u>(6,031,491)</u></b>	<b><u>6,059,241</u></b>

**16) Related Parties Balances and Transactions**

Related parties are sister and associate companies, and the companies owned by the main owners and senior management personnel of the company. The company's management approves the pricing policies and terms of these transactions.

**16-1) Related parties balances:**

		<u>As of December 31,</u>	
	<u>Nature of relationship</u>	<u>2020</u>	<u>2019</u>
		<u>JD</u>	<u>JD</u>
<b>Due to related party:</b>			
Al-Maha for Real Estate development	Associate Company	-	133,816
		<u>-</u>	<u>133,816</u>

**16-2) Related parties' transactions:**

		<u>As of December 31,</u>	
	<u>Nature of relationship</u>	<u>2020</u>	<u>2019</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>
Al-Maha for Real Estate development	Associate Company	-	(3,592)
		<u>-</u>	<u>(3,592)</u>

**16-3) Key and executive management salaries and remunerations**

The short-term key and executive management's salaries and remunerations for the year ended on 31 December 2020 are amounted to JOD 163,466 against JOD 167,550 for the year ended December 31, 2019.

Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And It's Subsidiaries (The Group)  
Amman – Jordan  
Notes to The Consolidated Financial Statements for the year ended in December 31, 2020

17) Cash and Cash Equivalents

	As of December 31,	
	2020	2019
	JD	JD
Cash on hand	2,355	7,784
Current accounts at banks*	39,846	36,589
Restricted cash balances	7,189	7,189
	<u>49,390</u>	<u>51,562</u>

\*There is restriction over these balances against legal cases raised against the group in favor of different entities.

18) Assets held for sale

Assets held for sale represent the production lines (Wood machines) registered in Al Madariyoun fabrication industries property investments with a net book value of JOD 154,668 as of December 31, 2020 (as of December 31, 2019: JOD 203,510). The group's management has prepared a study on this item for verification purposes that it applies the definition of (assets held for sale), and the result of this study shows that the group's management is making its efforts for the purpose of selling these assets and achieving the highest possible profits under the selling prices found in the market and therefore, the lack of the sale of these assets during the year was the result of circumstances outside the control of the group. The group recognized an impairment amount of 48,842 JOD based on price quotations obtained from external parties / local traders.

Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And Its Subsidiaries (The Group)  
Amman – Jordan

Notes to The Consolidated Financial Statements for the year ended in December 31, 2020

19) Advance payments received against sales

as of December 31, 2020	Al Andalusia	Red Sea Resort	Ahl Alazem	Al-Sharq City	Total
	Project JD	project JD	Project JD	Project (Gardens villas) JD	
Total signed sales contracts	157,258,634	17,300,474	-	4,475,210	179,034,318
Total advance payments**	3,077,723	11,897,890	53,691	173,000	15,202,304
Total residential units	588	260	2,032	253	3,133
Sold residential units	586	110	-	51	747
Available residential units	2	150	2,032	202	2,386
Number of Ceded units *	569	14	-	46	629
Value of the Ceded units *	152,588,082	1,938,356	-	4,138,710	158,665,148

as of December 31, 2019	Al Andalusia	Red Sea Resort	Ahl Alazem	Al-Sharq City	Total
	Project JD	project JD	Project JD	Project (Gardens villas) JD	
Total signed sales contracts	157,258,634	19,797,795	-	2,308,364	179,364,793
Total advance payments**	3,581,346	15,726,251	53,689	114,000	19,475,286
Total residential units	588	260	2,032	253	3,133
Sold residential units	586	126	-	25	737
Available residential units	2	134	2,032	228	2,396
Number of Ceded units *	567	-	-	17	584
Value of the Ceded units *	151,979,362	-	-	1,724,364	153,703,726

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

- \* During the year 2020, the Group recognized the revenues of the sale of 29 Villas for which its ownership was transferred at the Department of Land and Survey related to Al Sharq City project (Gardens Villas), recognized the revenues of the sale of 14 Villas for which its ownership was transferred at the Department of Land and Survey related to Red Sea Resort project and recognized the revenues of the sale of 2 Villas for which its ownership was transferred at the Department of Land and Survey related to Al Andalusia Project in the statement of profit or loss and other comprehensive income .
- \* During the year 2019, the Group recognized the revenues of the sale of 4 Villas for which its ownership was transferred at the Department of Land and Survey related to Al Sharq City project (Gardens Villas) in the statement of profit or loss and other comprehensive income and a total of 4 villas within the Andalusia project.
- \*\*This item represents the amount of payments received by the group against promise to sell contracts as follows:

	<u>As of December, 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>JD</u>	<u>JD</u>
Advance payments received against sales – short term	4,041,870	6,223,261
Advance payments received against sales – long term	11,160,434	13,252,025
	<u>15,202,304</u>	<u>19,475,286</u>

**20) Trade payables and other credit balances**

	<u>As of December, 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>JD</u>	<u>JD</u>
Accrued expenses	141,981	53,872
Trade payables	5,547,140	4,056,122
Contractors payables and retentions	1,168,029	1,402,720
Tax deductions deposits	121,040	100,717
Notes payable	50,000	50,000
Education Support Fund provision*	140,058	140,058
Provision for maintenance of sold villas	87,683	-
Other	75,992	77,241
	<u>7,331,923</u>	<u>5,880,730</u>

- \* The Group management discussing with the Income and Sales Tax Department for the purpose of reaching a final settlement regarding this balance.

**21) Income tax provision**

The movement on income tax provision during the year was as follows:

	<u>As of December, 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>JD</u>	<u>JD</u>
Balance at the beginning of the year	1,014,432	1,803,544
Tax penalties	13,098	198,567
Previous years income tax	498	2,089
Income tax due on current year profits	27,682	55,077
National contribution expense for the year	1,384	2,754
Income tax paid	(120,448)	(291,773)
Provision Reversed	(1,083)	(755,826)
<b>Balance at the end of the year</b>	<u>935,563</u>	<u>1,014,432</u>

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

Income tax expense presented in the consolidated statement of profit or loss and other comprehensive income consists of the following:

	<u>2020</u>	<u>2019</u>
	<u>JD</u>	<u>JD</u>
Income tax due on current year profit	27,682	55,077
Previous year Income tax	498	2,089
National contribution expense for the year	1,384	2,754
<b>Balance at the end of the year</b>	<b>29,564</b>	<b>59,920</b>

Reconciliation between Taxable Income and Accounting profit is as follows:

	<u>2020</u>	<u>2019</u>
	<u>JD</u>	<u>JD</u>
Accounting losses	(3,453,998)	(324,176)
Tax differences	1,516,907	(940,118)
<b>Taxable losses</b>	<b>(1,937,091)</b>	<b>(1,264,294)</b>
Income tax rate	%20	20%
National contribution	%1	1%
Income tax payable	<b>27,682</b>	<b>55,077</b>
National contribution payable	<b>1,384</b>	<b>2,754</b>
<b>Effective Income tax rate</b>	-	-

The current taxes due for the year ending as on December 31, 2020 are calculated according to the Income Tax Law No. (34) for the year 2018, which started in effect as of January 1, 2019, under this law, the legal tax rate on the company is 20% in addition to the national contribution of 1 % (2019: 20%: 1%).

There are reservations over the Group's movable and immovable funds for the benefit of the Income and sales tax department to settle claims which is the right of the department, the group recognized the sufficient provisions to meet these claims.

The Group has not recognized the deferred tax assets related to unutilized tax losses and temporary differences, as the Group does not expect to achieve tax profits in the future through which these temporary differences can be availed.

**Tax status for the companies within the group:**

**Arab Phoenix Holding Company**

The Company obtained final clearance from the Income Tax Department until the year ended December 31, 2016. The Company submitted its income tax returns for the year 2017 and 2018, which still not audited yet.

Below is the Tax status for each subsidiary company:

<b>Subsidiary company</b>	<b>Tax status</b>
Tameer for Investment	The Company obtained final clearance from the Income Tax Department until 2018. The Company submitted its income tax returns for the year 2019 which still not audited yet.
Al Madariyoun Concrete Industries	The Company obtained final clearance from the Income Tax Department until 2018. The Company submitted its income tax returns for the year 2019 which still not audited yet.
Tnfeeth for construction.	The Company obtained final clearance from the Income Tax Department until 2017. The Company submitted its income tax returns for the year 2018 and 2019 which still not audited yet.

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

AlMadariyoun Fabrication Industries, AlRawabet for real estate development	The Company obtained final clearance from the Income Tax Department until the year 2016. The Company submitted its income tax returns for the year 2017 ,2018 and 2019 which still not audited yet.
Al Tiraz for Construction	<b>Aqaba branch:</b> The Company obtained final clearance from the Income Tax Department till the year 2014. and 2017 tax return has been accepted based on the sampling system. The Company declared its income tax returns for the years 2015 ,2016 ,2018 and 2019 which is still not audited yet. <b>Amman Branch:</b> The Company obtained final clearance from the Income Tax Department until the year 2017. The Company submitted its income tax returns for the years 2018 and 2019, which still not audited yet.
Al-Qabas real estate development Company	<b>Aqaba branch:</b> The Company obtained final clearance from the Income Tax Department until the year 2014. The Company submitted its income tax returns for the years from 2015 and up to 2018, which still not audited yet, and the final clearance from the Income Tax Department for the year 2019 was approved. <b>Amman Branch:</b> Years (2007, 2008, 2009, 2011): there is case at the tax court where no final decision was issued, the group recorded adequate provision related to these years, the company obtained final clearance from the Income and sales Tax Department for the year 2016, the company submitted its income tax returns for the years from 2017 and up to 2019, which still not audited yet.
Al Jamal Al-Arabi for Real Estate	The income tax was settled and The Company obtained final clearance from the Income Tax Department for the years 2014 ,2015, 2016, 2018 ,2019, and the Company submitted its income tax returns for the year 2017 after the tax submission deadline, and it's still not audited yet.
Jordanian Qabas for Real Estate Al-Maha Land Investment & Real Estate	The income tax was settled for the years 2014, 2015 and 2019, and the Company submitted its income tax returns for the years 2016,2017 and 2018, after the tax submission deadline, and it's still not audited yet.
Al- Andalusia Company for Tourist Resorts and Housing projects	The Company obtained final clearance from the Income Tax Department up to the year 2018, The Company submitted its income tax returns for the year 2019 Within the legal time limit, which still not audited yet.
Red Sea Resort for real estate Development	The Company obtained final clearance from the Income Tax Department until 2014. The Company submitted its income tax returns for the years 2015 and up to 2019, which still not audited yet.

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

**22) Lawsuits provision**

The movement on lawsuits provision during the year was as follows:

	<u>2020</u>	<u>2019</u>
	<u>JD</u>	<u>JD</u>
Balance at the beginning of the year	3,768,241	3,985,418
Additions during the year	541,512	596,037
Reversal during the year	(148,068)	(555,621)
Paid during the year	(21,889)	(2,117)
Transferred to Trade payables and other credit balances	(917,154)	(255,476)
<b>Balance at the end of the year</b>	<b><u>3,222,642</u></b>	<b><u>3,768,241</u></b>

Total amount of legal cases raised against the group amounted to JOD 6,218,247 as of December 31, 2020 (2019: JOD 7,281,969), accordingly the group recognized lawsuits provision amounted to JOD 3,222,642 where this provision includes and taking into account the related legal liabilities amounted to JOD 2,865,883

The management and its legal counsel believe that the recorded provisions in the consolidated financial statements are sufficient to cover any current and future obligations.

**23) Villas sales net profit**

\* During the year 2020, the Group recognized the revenues of the sale of 29 Villas for which its ownership was transferred at the Department of Land and Survey related to Al Sharq City project (Gardens Villas) , recognized the revenues of the sale of 14 Villas for which its ownership was transferred at the Department of Land and Survey related to Red Sea Resort project and recognized the revenues of the sale of 2 Villas for which its ownership was transferred at the Department of Land and Survey related to Al Andalusia Project in the statement of profit or loss and other comprehensive income . (while in the year 2019year 2019, the Group recognized the revenues of sale of the villas and their transfer owner ship to the Land and Survey Department of 4 housing units within Al Sharq City project in the statement of profit or loss and other consolidated comprehensive income in addition to 4 villas units within the Andalusia project).

The Group's management recognizes the proceeds from the sale, upon completing all procedures for assigning housing units / lands to the relevant authorities.

**24) Other revenues**

	<u>For the year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>JD</u>	<u>JD</u>
Gain from sale of Property and equipment	14,321	140,177
Revenue from closed lawsuits and related legal settlements	22,055	208,475
Other	35,326	18,015
	<b><u>71,702</u></b>	<b><u>366,667</u></b>

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

**25) Administrative expenses**

	<b>For the year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>JD</b>	<b>JD</b>
Employees' salaries, wages and benefits	361,227	353,127
Social security contribution	37,411	40,628
Professional fees	86,214	133,740
Governmental charges and subscriptions	65,423	62,805
Rent *	44,758	53,009
Advertisement	37,811	31,780
Security	35,100	35,100
Lawyer fees	34,507	61,339
Fines	28,402	49,965
Utilities	23,520	27,041
Valuation fee	21,239	23,393
Income tax installment interest expense	18,761	14,407
Audit fees	18,560	54,520
Legal fees	13,776	30,436
Cleaning and Hospitality	9,778	10,170
Bank expenses	7,585	8,406
Vehicles fuel and oil	7,489	20,095
Maintenance	7,195	7,230
Depreciation	3,333	11,907
Stationery and printings	2,174	5,139
General assembly meeting expenses	-	8,639
Other	10,477	40,967
	<b>874,740</b>	<b>1,083,843</b>

\*According to the management's estimates, the exemption offered by IFRS 16 ("leases") applies to the lease agreement of the group's offices, which ends in 12 months, and it is not clear if the group's management will renew it.

**26) Basic and diluted share of the loss for the year**

	<b>For the year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>JD</b>	<b>JD</b>
Loss for the year	(3,483,562)	(384,096)
Weighted average number of shares (Share)	86,840,292	86,840,292
<b>Basic and diluted share of the loss for the year (JOD/Fills)</b>	<b>(0.0401)</b>	<b>(0.0044)</b>

**27) Contingent liabilities**

	<b>For the year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>JD</b>	<b>JD</b>
Bank guarantees	668,198	696,643
Against cash deposits	18,137	17,500

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

**- Lawsuits raised against the group:**

Total amount of legal cases raised against the group amounted to JOD 6,218,247 as of December 31, 2020 (2019: JOD 7,281,969), accordingly the group recognized lawsuits provision amounted to JOD 3,222,642 where this provision includes and taking into account the related legal liabilities amounted to JOD 2,865,883. The management and its legal counsel believe that the recorded provisions in the consolidated financial statements are sufficient to cover any current and future obligations.

**28) Going concern**

This consolidated financial statement of the Group shows that there are some events and issues which constitute a major challenge on the performance of the group in the future and these issues are summarized as follows:

- There are restrictions over the group's movable and immovable funds due to lawsuits raised against the group for the benefit of different parties.
- The group accumulated losses amounted to JOD (40,146,206) as of December 31, 2020 representing 46% of the group capital.
- A deficit in the working capital amounted to JOD 5,8 million.
- The group incurred losses for the year 2020 amounted to JOD 3,483,562, this amount includes amount of JOD 2,425,012 resulted from the impairment of the Group's owned property investments projects and lands due to the decrease in the market prices according to the updated evaluations as of December 31, 2020 in addition to the amount of JOD 393,444 represent legal provision according to the legal consultant opinion. Also the group faces a high debt - to - equity ratio amounted to 58% as of December 31, 2020 (December 31, 2019: 60%) as a result of the decrease in the owners' equity due to the accumulated losses of the group.
- The accumulated losses for number of the subsidiary's companies exceeded half of its capital as of December 31, 2020 in addition to deficit in its working capital as follows:

	<b>December 31, 2020</b>		
	<b>Paid-up capital JD</b>	<b>(Accumulated losses) / retained earnings JD</b>	<b>Deficit in working capital (before consolidation entries) JD</b>
Al- Andalusia company for Tourist Resorts and Housing projects	6,000,000	11,327,648	-
Al- Qubas real estate development Company	2,000,000	579,486	(15,995,541)
Al Tiraz for Construction	100,000	3,213,752	
Al Madariyoun Concrete Industries	100,000	(12,307,298)	(7,578,642)
Al Madariyoun Fabrication Industries	15,000	(2,980,732)	(2,881,984)
Taameer for investment	15,000	(13,861,133)	(5,959,512)
Al- Rawabet for real estate development	15,000	(222,819)	(30,521)
Red Sea Resort for real estate Development	15,000	1,816,891	(8,335,914)
Tanfeeth for construction	300,000	(961,646)	(288,001)
Al Maha Land Investment & real estate development company	394,916	(31,233)	(690)
Al Jamal Al-Arabi for real estate development company	1,194,460	(58,620)	(680)
Jordanian Qabas for real estate development company	2,043,946	(99,826)	(680)

- According to the text of Article (75 - A) of the Companies Law No. (22) for the year 1997 and its amendments" should the losses of the limited liability company exceed half of its capital, the company's manager or its management committees shall invite the company's general assembly to an extraordinary meeting in order to decide whether the company should be liquidated or continue to exist in a manner that would rectify its position.
- If the general assembly fails to reach a decision in this respect within two consecutive meetings, the

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

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controller shall grant the company a grace period of not more than a month to reach the decision.

If it fails in

- reaching a decision, the company shall be referred to court for the purposes of compulsory liquidation in accordance with the provisions of the law". And According to the text of Article (86) bis of the Companies Law No. (22) for the year 1997 and its amendments "If a private shareholding company is exposed to gross losses so that it becomes unable to meet its obligations towards its creditors, the board of directors shall invite the company's extraordinary General Assembly to a meeting to issue a decision, either to liquidate the company, or issue new shares, or any other decision which would guarantee its ability to fulfill its obligations. If the general assembly is unable to take a definite decision in this respect during two consecutive meetings, the controller shall give the company a one-month grace period to take the required decision. In the event the company fails to do so, it shall be referred to the court for compulsory liquidation in accordance with the provisions of this law".

**The Group's management plan to address the going concern indicators are summarized as follows:**

The company has set a clear plan to manage the (non-continuity) indicators in 2021, which is focusing mainly on the same tracks that has proven to be efficient during the past years despite of the difficult economic situation in the country, they even helped the company to achieve progress mainly in the (cash generating) track, which is essential to cover the following:

1. Finishing the current projects.
2. Closing legal settlements.
3. Paying debts.
4. Covering the monthly G&A.

Keeping in mind that the above will be managed taking into consideration the profit and loss factor by focusing on the following:

1. Enhancing the profitable sales in the projects.
2. Assuring that legal settlements are profitable through discounting the receivables or reversing the legal provision.
3. Decreasing the due amounts for official governmental parties and hence decreasing the interests paid on these balances.
4. Decreasing the administrative expenses when applicable.

As for the cash flow, it will be generated through the following:

- a) Projects sales.
- b) Collecting receivables.
- c) Liquidate of non-used assets

The management has set conservative assumptions regarding the cash flow (points above) due to general economic situation, and it is fully understood that this might not help in achieving profits, but will be sufficient to cover commitments as mentioned above and hence guarantee the continuity, and in case there was a potential to improve the assumptions then this will lead gradually to profits .

As for the assumptions, they are as follows:

1. Zarqa Project: Selling of finished and unfinished villas
2. Red Sea Resort Project:  
Completing the infrastructure works in addition to starting work on finishing the health club.  
Selling of finished villas.  
Transferring ownership of part of sold villas.
3. Al Andalusia Project:  
Transferring ownership of part of sold villas.  
Collecting part of the receivables.
4. Al Ramtha Projrct: Sale a number of land lots.

Note Number (30) to the consolidated financial statements, which disclose the subsequent events related to the impact of the Coronavirus Pandemic outbreak (Covid-19) on the Group's operations and financial position.

Arab Phoenix Holding Company  
(Public Shareholding Company – Holding Company)  
And It's Subsidiaries (The Group)  
Amman – Jordan  
Notes to The Consolidated Financial Statements for the year ended in December 31, 2020

29) **Financial risk management**

The Group has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk
- Capital management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

**Risk management framework**

The management has overall responsibility for the establishment and oversight of Group's risk management framework.

The Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Group management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

- **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's Due from related parties, trade receivables and other debt balances, cash and cash equivalent

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	<b>Carrying value as at</b>	
	<b>2020</b>	<b>2019</b>
	<b>JD</b>	<b>JD</b>
Trade receivables and other debit balances	727,692	694,422
Cheques under collection	68,784	312,717
Cash at banks	47,035	43,778
	<b>843,511</b>	<b>1,050,917</b>

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the company's customer base, including the default risk of the industry and country in which customer operate, has less of an influence on credit risk.

- **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contracted maturities of financial liabilities, including estimated interest payments:

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

	Carrying value JD	Contractual cash flow JD	6 months or less JD	6-12 Month JD	More than one year JD
<b>2020</b>					
Trade payables and other credit balances	7,331,923	(7,331,923)	(7,331,923)	-	-
Advance payments received against sales	15,202,304	(15,202,304)	(2,020,935)	(2,020,935)	(11,160,434)
	<u>22,534,227</u>	<u>(22,534,227)</u>	<u>(9,352,858)</u>	<u>(2,020,935)</u>	<u>(11,160,434)</u>
<b>2019</b>					
Trade payables and other credit balances	5,880,730	(5,880,730)	(5,880,730)	-	-
Advance payments received against sales	19,475,286	(19,475,286)	(3,111,631)	(3,111,630)	(13,252,025)
Due to a related party	133,816	(133,816)	(133,816)	-	-
	<u>25,489,832</u>	<u>(25,489,832)</u>	<u>(9,126,177)</u>	<u>(3,111,630)</u>	<u>(13,252,025)</u>

**- Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Group's profit or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**- Currency Risk**

Most of the company's financial assets and liabilities are in Jordanian Dinar. Most of the company's transactions in general are in Jordanian dinar accordingly, the company is not highly exposed to foreign currency risk.

**- Capital management**

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings and interests of the Group.

The management monitors the return on capital, which the management defined as net operation income divided by total shareholders' equity.

The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There have been no changes in the group's approach to capital management during the year neither the group is subject to externally imposed capital requirements.

**Debt-to-adjusted Capital Ratio**

	2020	2019
Total Debt	26,692,432	30,272,505
(Less) cash and cash equivalents	(49,390)	(51,562)
<b>Net Debt</b>	<u>26,643,042</u>	<u>30,220,943</u>
<b>Adjusted capital</b>	<u>46,591,011</u>	<u>50,074,573</u>
<b>Debt - to- adjusted capital ratio</b>	<u>%57</u>	<u>%60</u>

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

**- Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined 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 (i.e., as prices) or indirectly (i.e., derived from prices)

Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs good be defend directly or indirectly.

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**a) Assets and liabilities that are measured at fair value on a non-recurring basis:**

The Group measures the assets and liabilities below at fair value on a non-recurring basis:

	Book Value	Fair Value		
	FVOCI – equity instruments	Level 1	Level 2	Level 3
<u>As of December 31, 2020</u>	JD	JD	JD	JD
<b>Financial Assets</b>				
Financial assets at fair value through other comprehensive income	1,548	1,548	-	-
<b><u>December 31, 2019</u></b>				
Financial assets at fair value through other comprehensive income	1,548	1,548	-	-

**b) Assets and liabilities that are not measured at fair value:**

These financial instruments are measured at amortized cost and the fair value of these instruments do not differ significantly from their amortized cost.

	Book Value		Fair Value		
	FVOCI – equity instruments	Other financial liabilities	Level 1	Level 2	Level 3
<u>As of December 31, 2020</u>	JD	JD	JD	JD	JD
<b>Financial Assets</b>					
Cash and cash equivalent	49,390	-	-	-	-
Trade receivables and other debit balances	2,083,378	-	-	-	-
Checks under collection	68,784	-	-	-	-
<b>Financial Liabilities</b>					
Trade liabilities and other credit balances	-	(7,331,923)	-	-	-
Advanced payments received against sales	-	(15,202,304)	-	-	-

**Arab Phoenix Holding Company**  
**(Public Shareholding Company – Holding Company)**  
**And It's Subsidiaries (The Group)**  
**Amman – Jordan**

**Notes to The Consolidated Financial Statements for the year ended in December 31, 2020**

There were no transfers between level 1 and level 2 until the end of the financial year ended as of December 31, 2020.

<u>As of December 31, 2019</u>	<u>Book Value</u>		<u>Fair Value</u>		
	<u>FVOCI – equity instruments</u>	<u>Other financial liabilities</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
<b>Financial Assets</b>					
Cash and cash equivalent	51,562	-	-	-	-
Trade receivables and other debit balances	2,073,220	-	-	-	-
Checks under collection	312,717	-	-	-	-
<b>Financial Liabilities</b>					
Due to a related party	-	(133,816)	-	-	-
Trade liabilities and other credit balances	-	(5,880,730)	-	-	-
Advanced payments received against sales	-	(19,475,286)	-	-	-

**30) Subsequent events**

At the beginning of the year 2020, the emergence of the new Corona virus (Covid-19) was confirmed. And it spread across multiple geographic regions, causing instability in the economy as a whole and disruption in commercial activities and economic activity. The company is considering this pandemic which is still exist after the date of financial position on December 31, 2020 as a non-adjusting subsequent event, at this stage the company is assessing any potential impact and the management and those charged with governance will continue to monitor the situation and inform all stakeholders as soon as more information becomes available.

**31) Comparative figures**

The comparative figures represent the company's audit financial position as of December 31, 2019, in addition to statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in owners' equity for the year ended December 31, 2019.