

Date : 31 /3 / 2022
Number: 520/ 2022

To : Jordan Securities Commission

Subject : Annual Report for the fiscal year ended
31/12/2021

Attached the Annual Report of (Injaz For Development & Projects)
for the fiscal year ended at 31/12/ 2021

Kindly accept our high appreciation and respect ,,,,



General Managers

Hazem al Kadi

A handwritten signature in blue ink, appearing to read "Hazem al Kadi", written over the printed name.

**INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANT'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021**



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CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the shareholders
Injaz for Development and Projects Company P.L.C

Report on the Consolidated Financial Statements

Opinion Qualified

We have audited the accompanying consolidated financial statements of Injaz for Development and Projects Company P.L.C, which comprise of the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of comprehensive income, consolidated statement of Other Comprehensive Income, consolidated Statement of owners' equity and consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, and the except as mentioned in the paragraph of qualified opinion, the consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position of Injaz for Development and Projects Company P.L.C as of December 31, 2021, and its financial performance and cash flows for the year then ended are in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

As a result of the consolidation of the financial statements with the financial statements of the subsidiaries, goodwill appeared with a value of 27,508,872 JD, and the company's management did not conduct the annual test study for the decline in the value of goodwill (the impairment test) at the end of 2021, To determine whether or not there is a decline in the value of goodwill, based on the requirements of International Accounting Standard No. (36) "Impairment of Assets".

We conduct our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in Auditor's Responsibilities for the audit of the consolidated Financial Statements. We are independent of the company in accordance with International Standard Board Code of Ethics for professional accountants ("the code") and we have fulfilled our other ethical responsibilities in accordance with the code.

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

Key audit matters

Key audit matters, according to our professional judgment are matters that had the significant importance in our auditing procedures that we performed to the consolidated financial statement. The basic auditing matters have been addressed in our auditing workflow to consolidated financial statements as we do not express separate opinions.

Audit. Tax. Advisory

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Key auditing matters

Goodwill

According to International Financial Reporting Standards, the Company must assess the goodwill and test for impairment, as of December 31, 2021, was 27,508,872 JD.

The annual impairment of goodwill is a key audit matter due to the complexity of the accounting requirements and the general provisions required in determining the assumption to be used in estimating the recoverable amount. The recoverable amount of the cash-generating units, which is based on the value in use or the fair value fewer costs to sell, whichever is higher, is calculated from discounted cash flow models. These models use several basic assumptions including estimates of future sales volume and prices, Operating costs and the rates of growth of the final value, and the weighted average cost of capital.

The following is a description of our audit procedures

Goodwill

An examination of goodwill impairment at the end 2021 was not carried out by the company management in accordance with the requirements International Accounting Standard No. (3 "Impairment of Assets" to determine whether the was a decline in the goodwill value or not.

Other Matter

The financial statement for the subsidiary (Arab Tower Contracting Company (Ltd)) for year ended December 31, 2021, whose financial statement represent 89% of total assets and 100% of the total revenue of the consolidated financial statement have been reviewed by another auditor and he issued his unqualified opinion on March 27, 2022.

Other information

The management is responsible for other information which includes other information reported in the final report, but not included in the consolidated financial statements and our audit report on it.

Our opinion about consolidated financial statements does not include this other information, and we do not express any assertion over it.

Regarding our audit on consolidate financial statements we are obliged to review this other information, and while that, we consider the compatibility of these information with their consolidated financial statements or with the knowledge that we gained through audit procedure or seems to contain significant errors. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

Management and individuals responsible of governance about the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. And for such internal control, management is determined to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated Financial Statements, the management is responsible for assessing the Company's ability to continue as a Going Concern, disclosing, as applicable, matters related to Going Concern and using the Going Concern basis of accounting unless the management either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Individuals responsible of governance are responsible of supervising the preparation of consolidated financial statements.

Certified public accountant responsibility

Our objective is to obtain reasonable assurance about whether the Financial Statements are free from material misstatement whether due from error or fraud and to issue and auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International audit standards will always detect a material misstatement even when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decision of users taken on the basis of these Consolidated Financial Statements.



As part of an audit in accordance with The International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the initial 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude the appropriateness of the Management's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the initial Consolidated Financial Statements, including the disclosures, and whether the initial Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.

We communicated with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Legal requirements report

The Company maintains proper books of accounting records that are in agreement with the accompanying consolidated financial statements and with the financial information included in the Board of Directors report, and we recommend to the company's general assembly to approve it after taking into account what is mentioned in the paragraph of the qualified opinion.

Modern Accountants

Amman-Jordan

Abdul Kareem Qunais
License No.(496)

March 29, 2022

Modern Accountants



INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

	Note	2021	2020(modified)
ASSETS			
Non-current assets			
Goodwill	14	27,508,872	27,508,872
Property and equipment	4	33,070,828	20,715,396
Real estate investment	5	5,000,000	-
Long-term projects retentions	6	1,607,440	6,540,525
Total non-current assets		67,187,140	54,764,793
Current assets			
Prepaid expenses and other receivables	9	2,235,477	2,309,818
Inventories		6,639,992	6,856,643
Construction under process		420,764	10,189,113
Amount due from customers on construction contract		42,169,340	50,440,475
Accounts receivable and checks under collection	8	22,794,198	17,510,092
Short-term projects retentions	6	2,354,519	4,533,476
Cash and cash equivalents	7	14,736,740	12,805,247
Total current assets		91,351,030	104,644,864
TOTAL ASSETS		158,538,170	159,409,657
LIABILITIES AND OWNERS' EQUITY			
Owners' equity			
Share capital	1	37,720,000	37,720,000
Statutory reserve	16	1,642,883	1,621,876
Special reserve	16	21,906	21,906
Share of foreign currency translation reserve		2,471	2,388
Retained earnings	17	5,023,393	4,834,332
Equity attributable to equity holders of the parent company		44,410,653	44,200,502
Non- controlling interest		4,110,065	3,984,614
Total owners' equity		48,520,718	48,185,116
Non Current liabilities			
long term loans	11	26,865,214	24,263,144
Total non-current liabilities		26,865,214	24,263,144
Current liabilities			
Accrued expenses and other liabilities	13	2,585,274	2,128,454
Payments received in advance from construction contract		6,237,190	4,653,850
Accounts payable and deferred checks and notes payable	10	38,731,152	30,531,418
Short-term loans	11	18,659,102	31,498,918
Banks overdraft	12	16,939,520	18,148,757
Total current liabilities		83,152,238	86,961,397
TOTAL LIABILITIES AND OWNERS' EQUITY		158,538,170	159,409,657

The accompanying notes are an integral part of these consolidated financial statements

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

	Note	2021	2020(modified)
Revenues		43,085,415	50,530,732
Cost of revenues	18	(39,402,732)	(49,238,214)
Gross profit		3,682,683	1,292,518
General and administrative expenses	19	(1,435,474)	(1,495,270)
Financial charges		(2,278,051)	(2,310,497)
Other revenues and expenses		371,129	595,564
Income for the year before income tax		340,287	(1,917,685)
Income tax	13	(4,805)	(13,317)
INCOME FOR THE YEAR		335,482	(1,931,002)
Other comprehensive income:			
Realized losses from selling financial assets at fair value through another comprehensive income statement		-	(182,988)
Total comprehensive income transferred to retained earnings		335,482	(2,113,990)
Change in the fair value reserve		-	163,675
Change in currency translation reserve		120	3,474
Total comprehensive income for the year		335,602	(1,946,841)
profit / (Loss) for the year attributable to:			
Equity holders of the parent company		210,068	(1,472,057)
Non-controlling interests		125,414	(458,945)
		335,482	(1,931,002)
Total comprehensive income transferred to retained earnings is due to:			
Equity holders of the parent company		210,151	(1,305,994)
Non-controlling interests		125,451	(640,847)
		335,602	(1,946,841)
Profit / (Loss) per share			
Profit / (Loss) per share - JD/ share		0,006	(0,039)
Outstanding weighted average share		37,720,000	37,720,000

The accompanying notes are an integral part of these consolidated financial statements

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF OWNERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

	Share capital	Statutory reserve	Special reserve	Share of foreign currency translation reserve	Fair value reserve	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling Interest	Total Owners' equity
Balance at January 1, 2020	37,720,000	1,621,876	21,906	-	(163,675)	6,306,389	45,506,496	4,625,461	50,131,957
Comprehensive income for the year	-	-	-	2,388	163,675	(1,472,057)	(1,305,994)	(640,847)	(1,946,841)
Balance at December 31, 2020	37,720,000	1,621,876	21,906	2,388	-	4,834,332	44,200,502	3,984,614	48,185,116
Comprehensive income for the year	-	-	-	83	-	210,068	210,151	125,451	335,602
Transfer to Statutory reserve	-	21,007	-	-	-	(21,007)	-	-	-
Balance at December 31, 2021	37,720,000	1,642,883	21,906	2,471	-	5,023,393	44,410,653	4,110,065	48,520,718

The accompanying notes are an integral part of these consolidated financial statements

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

	2021	2020
OPERATING ACTIVITIES		
Income / (Loss) for the year before the tax	340,287	(1,917,685)
Adjustments on Income / (Loss) for the year before the tax :		
Depreciation	150,256	1,048,925
Gain on disposal of property, plant, and equipment	(92,922)	(368,621)
Financial charges	2,278,051	2,310,497
The foreign currency translation difference	120	3,474
Changes in operating assets and liabilities:		
Prepaid expenses and other receivables	74,341	1,751,413
Projects retentions	7,112,042	(666,415)
Accounts receivable and checks under collection	(5,284,106)	3,188,295
Due from customers on construction contract	8,271,135	530,896
Inventory	216,651	2,011,879
Construction under process	9,768,349	(1,832,135)
Accrued expenses and other liabilities	452,015	(1,006,375)
Payment received in advance from construction contract	1,583,340	(6,994,532)
Accounts payable and deferred checks and Notes payable	8,199,734	(6,911,881)
Net cash available from / (used in) operating activities	33,069,293	(8,852,265)
INVESTING ACTIVITIES		
Purchase property and equipment	(12,684,916)	(347,251)
Proceeds from the sale of property, plant, and equipment	272,150	1,777,757
Sale of financial assets at fair value through another comprehensive income statement	-	157,547
Real Estate Investments	(5,000,000)	-
Net cash (used in) / available from investing activities	(17,412,766)	1,588,053
FINANCING ACTIVITIES		
Banks overdraft	(1,209,237)	2,844,603
Short-term loans	(10,237,746)	7,993,632
Financial charge paid	(2,278,051)	(2,310,497)
Net cash (used in) / available from financing activities	(13,725,034)	8,527,738
Net change in cash and cash equivalents	1,931,493	1,263,526
Cash and cash equivalents, January 1	12,805,247	11,541,721
Cash and cash equivalents, December 31	14,736,740	12,805,247

The accompanying notes are an integral part of these consolidated financial statements

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

1. ORGANIZATION AND ACTIVITIES

Injaz for Development and Projects a Jordanian public shareholding Company ("the Company"), registered on January 1, 1976, under Commercial registration number (104). The Company's share capital is JD 37,720,000 divided into 37,720,000 shares, the par value is one JD per share.

The Company's principal activity is purchase and developing lands and real-estate trading it as well as investing in shares and bonds.

The Company headquarters is in Amman.

2. NEW AND AMENDED IFRS STANDARDS

New and revised standards and interpretations

IFRS (17) "Insurance Contracts"
(Including the June 2020 amendments to IFRS (17))

The following new and revised Standards and Interpretations are not yet effective

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, unless it is impractical, in which case the modified retrospective approach or the fair value approach is applied.

Amendments to IFRS 10 and IAS 28: Sale or Sharing of Assets between an Investor and his Associate or Joint Venture

The effective date has not yet been set. Early application is allowed

Amendments to International Accounting Standard No. (1) Classification of Obligations as Current or Non-Current

The amendments apply retroactively to annual periods beginning on or after January 1, 2022, with early application permitted

Amendments to International Financial Reporting Standard No. (3) a reference to the framework of concepts

The amendments apply to business combinations that have an acquisition date on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if the entity applies all other updated references.

Amendments to International Accounting Standard No. (16) Property, Plant and Equipment - Proceeds before intended use

January 1, 2022, with early application, permitted

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

Amendments to International Accounting Standard No. (37) Encumbered Contracts - Cost of Contract Fulfillment	January 1, 2022, with early application, permitted
Annual Improvements to International Financial Reporting Standards 2018-2020	January 1, 2022, with early application, permitted
International Financial Reporting Standard No. (1) – Implementation of International Financial Reporting Standards for the first time	January 1, 2022, with the early application, permitted
IFRS 9 Financial Instruments	January 1, 2022, with the early application, permitted
International Financial Reporting Standard No. (16) Lease Contracts	There is no set effective date
International Accounting Standard No. (41) Agriculture	January 1, 2022, with the early application, permitted
Amendments to International Accounting Standard No. (1) Presentation of Financial Statements and Statement of Practice for International Financial Reporting Standards(2) Issuance of Relative Judgments, Disclosure of Accounting Policies	January 1, 2023, with the early application, permitted and applied retrospectively. The practice statement 2 amendments to IFRS do not contain an effective date or transitional requirements.
Amendments to International Accounting Standard No. (8) – Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	January 1, 2023, early application allowed
Amendments to IAS No. (12) Taxes - Deferred taxes relating to assets and liabilities arising from a single transaction	January 1, 2023, early application allowed

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpolations and amendments, may have no material impact on the financial statement of the Company in the period of initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Preparing financial statements

The preparation of the consolidated financial statements in accordance with International Accounting Standard.

Basis of preparation

The consolidated financial statements are presented in Jordanian Dinar (JD) as this is the currency in which the majority of the Company's transactions are recorded.

The consolidated financial statements have been prepared on historical cost principle, However financial assets and financial liabilities are stated at fair value. The following is a summary of significant accounting policies applied by the Company:

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

Basis of Consolidation Financial Statements

The Consolidated Financial Statements incorporate the financial statements of Injaz for Development and Projects Company (Public Shareholding Company) and the subsidiaries controlled by the Company.

Control is achieved where the Company:

- Ability to exert power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- Ability to exert power over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above.

When the Company has less than a majority of the voting, The Company shall have control over the investee when the voting rights sufficient to give it the ability to direct relevant activities of the investee individually.

When The Company reassesses whether or not it controls an investee, it consider all the relevant facts and circumstances which includes:

- Size of the holding relative to the size and dispersion of other vote holders
- Potential voting rights, others vote-holders, and Other parties
- Other contractual rights
- Any additional facts and circumstances may indicate that the company has, or does not have, the current ability to direct the activities related to the time needed to make decisions, including how to vote at previous shareholders' meetings.

The consolidation process begins when the company's achieve control on the investee enterprise (subsidiary), while that process stops when the company's loses control of the investee (subsidiary). In particular Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement, and the consolidated comprehensive income statement from the effective date of acquisition and up to the effective date of which it loses control of a subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Croup's accounting policies.

All intergroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

The consolidated financial statements as at December 31, 2021 includes the financial statements of the following subsidiaries:

Name of subsidiary	Place of registration	Registration year	Vote and equity percentage	The main activity
Arab Tower Contracting Company (Ltd)	Hashemite Kingdom of Jordan	2007	68.75%	<i>Civil construction and related activities</i>

Equity instruments at FVTOCI

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the cumulative changes in fair value of securities reserve. The cumulative changes or loss will not be reclassified investments. But reclassified to retained earnings. The Company has designated all instruments that are not held for trading as at FVTOCI

Dividends on these investments in equity instruments are recognized in profit or loss when the Company right to receive the dividends is established, unless the dividends clearly represent a recovery of a part of the cost of the investments. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The Company assesses the classification and measurement of the cash flow characteristics of the contractual asset and the Company's business model for managing the asset.

For an asset to classified and measured at amortized cost or at FVTOCI, is contractual terms should give rise to cash flows that are solely represent payments of principal and interest on the principal outstanding (SPPI).

At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

When a debt instrument measured a FVTOCI is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured FVTOCI, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity .

Debt instruments that are subsequently measured at amortized cost or FVTOCI are subject to impairment.

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

Reclassifications

If the business model under which the Company holds financial assets changes. The financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. During the current financial year and previous accounting period, there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made

Impairment

IFRS 9 replaces the "incurred loss" model in IAS 39 with an expected credit loss model (ECLs). The Company recognizes loss allowance for expected credit losses on the following financial instruments that are not measured at FVTPL

- Cash and bank balances;
- Trade and other receivables;
- Due from related party.

With the exception of purchased or originated credit impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12 Month ECL, i.e. lifetime ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as stage1); or
- Full lifetime ECL, i.e. Lifetime ECL that results from all possible default events over the life of the financial instruments, (referred to as stage2 and stage3).

A loss allowance for full lifetime ECLs is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company has selected to measure loss allowances of cash and bank balances, Trade and other receivables, and due from a related party at an amount equal to life time ECLs.

ECLs are probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flow to the Company under the contract and the cash flows that the Company expects to receive arising from weighting of multiple future economic scenarios. Discounted at the asset's EIR.

Loss allowance for financial investments measured at amortized costs are deducted from gross carrying amount of assets. For debt securities a FVTOCI, the loss allowance is recognized in the OCI, instead of reducing the carrying amount of the asset.

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 costs or effort. This includes both quantitative and qualitative including forward-looking information.

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

For certain categories of financial assets, assets that are assessed not to be impaired individually are. In addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

Impairment losses related to cash and bank balances, trade and other receivables and due from a related party, are presented separately in the statement of income and other comprehensive income

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of the grade of the investment.

Measurement of ECL

The Company employs statistical models for ECL calculations. ECLs are a probability-weighted estimate of credit losses. For measuring ECL under IFRS 9, the key input would be the term structure of the following variables.

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

These parameters will be derived from our internally developed statistical models and other historical data. They will be adjusted to reflect forward – looking information.

Credit-impaired financial assets

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 assets have occurred. Credit-impaired financial assets are referred to stage 3 assets. At each reporting date, the Company assesses whether financial assets carried at amortized costs and debt securities at FVTOCI at credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact in the estimated future cash flows of the financial asset have occurred.

DE-recognition of financial assets

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On DE recognition of a financial asset measured at amortized cost or measured at FVTPL, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On DE recognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the cumulative changes in fair value of securities reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

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Presentation of allowance for ECL are presented in the financial information

Loss allowances for ECL are presented in the financial information as follows:

For financial assets measured at amortized cost (loans and advances, cash and bank balances): as a deduction from the gross carrying amount of the assets

For debt instruments measured at FVTOCI no loss allowance is recognized in the consolidated statement of financial position as the carrying amount is at fair value. However, the less allowance is included as part of the revaluation amount in re-evaluation reserve and recognized in other comprehensive income.

Recognition of revenues and expenses

Revenue is recognized when it is probable that economic benefits will flow to the company as a result of a reliably measurable exchange.

Rental income is calculated on the basis of the value of the consideration received or expected to be received on a straight-line basis and over the term of the lease contract.

Expenses are recognized on an accrual basis.

Critical accounting judgments and key sources of estimation uncertainty

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

In preparing these consolidated financial statements, the significant Judgments made by management in applying the Company accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial consolidated statements.

Critical judgments in applying the Company's accounting policies in respect of IFRS 9

Business model assessment:

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how Company s of financial assets were managed together to achieve a particular business objective. This assessment includes judgments reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continues assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase of credit risk

ECLs are measured as an allowance equal to 12-month ECL for stage1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

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Establishing a groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments of the Company are collected on the basis of shared risk characteristics (e.g., instrument type, credit risk grade, collateral type, date of initial recognition, remaining term to maturity, industry, geographic location of the borrower, etc.). The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that Company of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of the ECLs changes because the credit risk of the portfolios differ.

Models and assumptions used

The Company uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Key sources of estimation uncertainty in respect of IFRS 9

The following are key estimations that the management has used in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in consolidated financial statements

Establishing the number and relative weightings of forward-looking scenarios for each type of product /market determining the forward looking information relevant to each scenario: When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of Default

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss Given to Default

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less and which are not exposed to a significant risk of value change.

Account receivables

Receivables are stated at their net recoverable amount, and a provision for impairment of receivables is made based on a full review of all balances at the end of the year, and the outstanding debts are written off in the period in which they are identified.

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Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the statement of financial position date, as measured by the proportion that contract costs incurred to total estimated contract costs. Variations in contract work are recognized to the extent that it is probable that they will result in revenue and such revenue can be reliably measured. Claims and incentive payments are included to the extent that it is probable that the customer will accept the claim and the amount can be measured reliably.

Changes in estimates used in the determination of the amount of revenue and expenses are recognized in the statement of income in the period in which the change is made.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which these are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Accounts payable and accruals

Accounts payable are recognized against the value of obligation for services or goods received, whether billed or not billed by the supplier.

Expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of revenues as required under generally accepted accounting principles.

Goodwill

International Accounting Standards Board issued International Financial Reporting Standard No.3 (Integration).

The recorded increase purchase cost over the fair value of invested as goodwill. When the recoverable amount of this goodwill less than the net book value, goodwill is reduced to the recoverable amount and the value of the declining are recorded in the consolidated income statement.

Resulting Goodwill on acquisition of subsidiary or joint control of an entity represents the purchase cost for the company's share in the net fair value of the assets, liabilities and contingent liabilities of the subsidiary identified and recognized as at the date of purchasing. First, goodwill recorded as an asset on the basis of cost, then measured later on the basis of cost less accumulated decline in value.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials, production and conversion costs, and other costs necessary to bring the inventory to the Group's location and condition. In the case of manufactured inventory and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Cost is calculated using the weighted average method, Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

When the net realizable value of the inventories is lower than the cost, they provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures on maintenance and repairs are expensed. While expenditures for betterment are capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	Annual depreciation rate
Buildings and caravans	2% - 20%
Vehicles	10%
Machinery, equipment and devices	10-20%
Construction labor	20-40%
Electrical supplies	10-20%
Tools	10-20%
Furniture and Office Supplies	10%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and amortization period appropriate with the expected economic benefits of property and equipment.

Impairment test is performed to the value of the property and equipment that appears in the consolidated Statement of Financial Position When any events or changes in circumstances shows that this value is non-recoverable.

In case of any indication to the low value, impairment losses are calculated according to the policy of the low value of the assets

At the exclusion of any subsequent property and equipment recognize the value of gains or losses resulting. Which represents the difference between the net proceeds of exclusion and the value of the property and equipment that appears in the consolidated Statement of Financial Position. Gross Profit and loss.

Provisions

The provisions had been formed, when the company has a present obligation (legal or expected) from past events which its cost of repayment consider accepted and it has ability to estimate it reliably.

The provision had been measured according to the best expectations of the required alternative to meet the obligation as of the balance sheet date after considering the risks and not assured matters about the obligation. When the provision had been measured with the estimated cash flows to pay the present obligation, then the accounts receivable had been recognized as asset in case of receipt and replacement of the amount is certain and it able to measure the amount reliably.

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Real estate investments

Investment properties are stated at cost (in accordance with IAS 40). The Company's standard for recording investments are either at cost or at fair value provided that there is no impediment to the ability to reliably determine the value of the investments. The management of the company has chosen the cost to record its investment properties.

Segment reporting

A business segment is a group of assets and operation engaged in providing products or services that are subject to risks and returns that are different from those of other business segments, and segment is engaged in providing products or services within a particular economic environment and Company include significant business sectors in the purchase, develop and trade of lands and real estate in addition to investing in securities and bonds, the company operates only in the Hashemite Kingdom of Jordan.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the statement of financial position only when there are legal rights to offset the recognized amounts, the Company intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Income Tax

The Company is subject to Income Tax Law, its subsequent amendments and the regulations issued by the Income Tax Department in the Hashemite Kingdom of Jordan and provided on accrual basis, Income Tax is computed based on adjusted net income, According to International Accounting Standard No. (12), the Company may have deferred taxable assets resulting from the differences between the accounting value and tax value of the assets and liabilities related to the provisions, these assets are not shown in the periodic financial statements since it's immaterial.

Foreign currency transactions

Foreign currency transactions translated into Jordanian Dinars at the rates of exchange prevailing at the time of the transactions. The operation occurs during the year are translated at weighted average rates at time of transaction. Gains and Losses from settlement and transaction of foreign currency transaction are included in the statement of comprehensive income.

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4. PROPERTY AND EQUIPMENT

2021	Lands	Buildings and caravans	Vehicles	Machinery, equipment and devices	Construction labor	Electrical devices	Tools	Furniture and Office Supplies	Total
Cost :									
Balance at January 1	5,165,880	8,810,599	3,419,479	20,597,095	9,110,358	883,437	2,668,215	278,151	50,933,214
Additions	-	12,456,440	174,084	-	36,997	-	17,395	-	12,684,916
Disposal	-	-	(463,139)	(36,000)	-	-	-	-	(499,139)
Balance at December 31	5,165,880	21,267,039	3,130,424	20,561,095	9,147,355	883,437	2,685,610	278,151	63,118,991
Depreciation:									
Balance at January 1	-	1,696,998	1,853,130	15,374,552	8,525,615	719,077	1,846,967	201,479	30,217,818
Additions	-	8,505	37,217	52,649	28,621	6,790	12,217	4,257	150,256
Disposal	-	-	(283,913)	(35,998)	-	-	-	-	(319,911)
Balance at December 31	-	1,705,503	1,606,434	15,391,203	8,554,236	725,867	1,859,184	205,736	30,048,163
Net book value December 31	5,165,880	19,561,536	1,523,990	5,169,892	593,119	157,570	826,426	72,415	33,070,828

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2020	Lands	Buildings and caravans	Vehicles	Machinery, equipment and devices	Construction labor	Electrical devices	Tools	Furniture and Office Supplies	Total
Cost :									
Balance at January 1	6,060,240	9,002,002	4,524,287	21,513,080	9,150,655	875,073	2,759,750	278,151	54,163,238
Additions	-	-	112,940	134,490	50,481	9,695	39,645	-	347,251
Disposal	(894,360)	(191,403)	(1,217,748)	(1,050,475)	(90,778)	(1,331)	(131,180)	-	(3,577,275)
Balance at December 31	5,165,880	8,810,599	3,419,479	20,597,095	9,110,358	883,437	2,668,215	278,151	50,933,214
Depreciation:									
Balance at January 1	-	1,763,510	2,621,816	15,842,839	8,521,176	630,720	1,770,334	186,637	31,337,032
Additions	-	96,619	104,614	489,951	60,161	89,255	193,483	14,842	1,048,925
Disposal	-	(163,131)	(873,300)	(958,238)	(55,722)	(898)	(116,850)	-	(2,168,139)
Balance at December 31	-	1,696,998	1,853,130	15,374,552	8,525,615	719,077	1,846,967	201,479	30,217,818
Net book value December 31	5,165,880	7,113,601	1,566,349	5,222,543	584,743	164,360	821,248	76,672	20,715,396

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5. REAL ESTATE INVESTMENTS

The Arab Towers Contracting Company (a subsidiary company) has purchased 20 apartments from the Abdali Towers Company - Jordan, where the apartments are located within the building located on the lands with numbers (845, 846) Basin No. (14) Al Weibdeh Al Wastani from the lands of the city of Amman with a value of 5,000,000 JOD, The title deeds of these apartments have not been issued by the Department of Lands and Surveys until the date of the financial statements.

6. PROJECTS RETENTIONS

	2021	2020
Total project retentions	3,961,959	11,074,001
Deduct : Short-term projects retentions	2,354,519	4,533,476
Long-term projects retentions	1,607,440	6,540,525

7. CASH AND CASH EQUIVALENTS

	2021	2020
Cash on hand	3,834	38,881
Cash at banks	14,732,906	12,766,366
	14,736,740	12,805,247

8. ACCOUNTS RECEIVABLE AND CHECKS UNDER COLLECTION

	2021	2020
Account receivables *	1,937,021	7,451,378
Checks under collection	20,857,177	10,058,714
	22,794,198	17,510,092

* Account receivables are less than three months.

9. PREPAID EXPENSES AND OTHER RECEIVABLES

	2021	2020
Advance payments to the Income Tax Department	593,885	381,598
Letter of credit	115,969	374,250
Refundable deposits	1,263,814	1,309,115
Due from Employee - orders	256,086	242,413
Others	5,723	2,442
	2,235,477	2,309,818

10. ACCOUNTS PAYABLE AND DEFERRED CHECKS AND NOTES PAYABLES

	2021	2020
Accounts payable	15,212,480	13,362,065
Deferred checks	4,946,415	8,228,256
Due to related parties (Note-15)	6,666,466	6,666,466
Notes payable	11,905,791	2,274,631
	38,731,152	30,531,418

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11. LONG-TERM AND SHORT-TERM LOANS

	2021	2020
Arab Bank	20,695,325	25,849,056
Egyptian Arab Land Bank	278,513	949,541
Bank Al Etihad	3,548,806	3,797,259
Jordan Kuwait Bank	2,841,900	3,550,000
Jordan Ahli Bank	12,958,842	18,957,321
Housing Bank	3,910,771	2,220,000
Safwa Islamic Bank	1,290,159	438,885
Total loans	45,524,316	55,762,062
Deduct: Current portion of long-term loans	18,659,102	31,498,918
Part of a long-term	26,865,214	24,263,144

Arab Bank

The company obtained loans from Arab Bank with ceiling of 17,169,000 JD, interest rate 5.25% without commission and by guaranteeing waiver of project receivables .

And the company obtained loans from Arab Bank with ceiling of 37,000,000 JD, interest rate 8.125% without commission and by guaranteeing waiver of project receivables

Egyptian Arab Land Bank

The company obtained loans from the Egyptian Arab Land Bank with a ceiling of 5,000,000 Jordanian Dinars at a rate of 8.825% interest and without commission and a guarantee of waiver of project receivables .

Bank al Etihad

The company obtained loans from Bank al Etihad with ceiling of 5,500,000 JD, interest rate 8.25% without commission and a guarantee of waiver of project receivables .

Jordan Kuwait Bank

The company obtained loans from Jordan Kuwait Bank with ceiling of 33,200,000 JD, interest rate 9% without commission and by guaranteeing waiver of project receivables .

Jordan Ahli Bank

The company obtained loans from Jordan Ahli Bank with ceiling of 29,000,000 JD, interest rate 8.125% without commission and by guaranteeing waiver of project receivables .

Housing Bank

The company obtained a loan from the Housing Bank in the amount of 4,518,000 Jordanian dinars, at an interest rate of 8.2% (PLR) annually, without commission and with a guarantee of assignment of project dues.

Safwa Islamic Bank

The company obtained murabaha loans from Safwa Islamic Bank at an amount of 1,360,000 Jordanian dinars, at a profit rate of 8.29% annually, without commission, and with the guarantee of Mr. Hisham Al-Wadi and with a guarantee of assignment of project dues. These murabaha are paid in different installments starting on February 25, 2021 and ending on September 30, 2022.

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12. BANK OVERDRAFT

	2021	2020
Arab Bank	13,856,677	15,225,405
Bank Al Etihad	1,006,574	1,007,220
Jordan Ahli Bank	993,085	934,102
Jordan Kuwait Bank	1,083,184	982,030
	<u>16,939,520</u>	<u>18,148,757</u>

Arab Bank

The company obtained facilities from Arab Bank with a ceiling of 12,000,000 JD, interest rate of 8.125% without commission by shareholder guarantee.

Bank al Etihad

The company obtained facilities from Bank al Etihad with a ceiling of 1,000,000 JD, interest rate 8.25% without commission by shareholder guarantee.

Jordan Ahli Bank

The company obtained facilities from Jordan Ahli Bank with a ceiling of 1,000,000 JD, interest rate 8.125% without commission by shareholder guarantee.

Jordan Kuwait Bank

The company obtained facilities from Jordan Kuwait Bank with a ceiling of 1,000,000 JD, interest rate 9% without commission by shareholder guarantee.

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13. ACCRUED EXPENSES AND OTHER LIABILITIES

	2021	(modified)2020
Accrued expenses	41,157	45,691
Accrued Salaries	1,780,498	1,831,941
Due to income tax	34,328	137,565
Income tax provision*	4,805	13,317
Due to Social security	713,595	82,723
Others payable	10,891	17,217
	<u>2,585,274</u>	<u>2,128,454</u>

* The details of income tax provision as of December 31, are as follows:-

	2021	2020
Beginning balance	13,317	46,106
Paid during the year	(13,317)	(46,106)
Provision for the year	4,805	13,317
	<u>4,805</u>	<u>13,317</u>

The company ended its tax status with the Income and Sales Tax Department until 2019, and for the year 2020, the company submitted a self-assessment statement to the department, and the company's accounting records were not reviewed until the date of the company's consolidated financial statements.

Arab Towers Contracting Company amman branch (a subsidiary company) has completed its tax status with the Income and Sales Tax Department till 2020.

Abraj Al Arab Contracting Company Aqaba Branch (a subsidiary company) has been approved its tax status with the Income and Sales Tax Department till 2019, As for the year 2020, the department's self-assessment statement was submitted, and the company's accounting records were not reviewed until the date of preparing the financial statements.

14. GOODWILL

On January 1, 2012 the company purchased 25% of Arab Tower Contracting Company (Ltd) share capital based on equity method on January 1, 2012 amounted of 13,500,000 Jordanian Dinar.

During 2014 the Company increased its share capital in Arab Tower Contracting Company (Ltd) by 23,75% turn out to be the total percentage of shares capital 48,75% and the cost of acquire the additional an amount of 11,500,000 Jordanian Dinar.

During 2016 the Company increased its share capital in Arab Tower Contracting Company (Ltd) by 20% turn out to be the total percentage of shares capital 68,75% and the cost of acquire the additional an amount of 10,250,000 Jordanian Dinar. And as a result of that the financial statements were consolidated with Arab Tower Contracting Company (Ltd) .

The total cost of acquisition as follows :-

The cost of acquiring 25% of shares	13,500,000
The cost of acquiring 23,75% of shares	11,500,000
The cost of acquiring 20% of shares	10,250,000
Total	<u>35,250,000</u>
Add: Legal title transfer fees	211,705
The total cost of acquiring 68,75% of shares	<u>35,461,705</u>
Legal title transfer fees Amortization	(211,705)
Net acquisition cost	<u>35,250,000</u>

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The fair value of Assets and liabilities of Arab Tower Contracting Company (Subsidiary) as follows :-

	Fair value	Book value at acquisition
Assets		
Property and equipment	18,101,977	18,101,977
Inventories	5,958,223	5,958,223
Accounts receivable and checks under collection	50,377,233	50,377,233
projects retentions	8,347,160	8,347,160
Amount due from customers on construction contract	43,552,646	43,552,646
Financial assets designated at fair value through other comprehensive income	340,535	340,535
Prepaid expenses and other receivables	6,767,905	6,767,905
Cash and cash equivalents	9,205,895	9,205,895
Total assets	142,651,574	142,651,574
Liabilities		
Short-term loans	21,591,850	21,591,850
Banks overdraft	9,809,450	9,809,450
Payment received in advance from construction contract	28,100,587	28,100,587
Accounts payable and deferred checks	68,824,944	66,563,489
Accrued expenses and other liabilities	3,064,921	3,064,921
Total liabilities	131,391,752	129,130,297
Net owned assets	11,259,822	13,521,277
Company share of Net owned assets after declaration (68,75%)	7,741,128	
Cash paid (Investment cost until acquisition date)	35,250,000	
Goodwill as a result of acquisition	27,508,872	

Annual test for impairment:

During the financial year parent company has not perform the impairment test of the goodwill, therefore the recoverable goodwill amount has not identified in related with the subsidiary, which is operate in construction contracting.

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15. RELATED PARTIES TRANSACTIONS

Transactions with related parties consist of transactions with companies that are jointly controlled by the Chairman of the Board of Directors and transactions with the Chairman of the Board of Directors and its associates. The policies and conditions relating to the transactions with related parties are approved by the Company's management. Transactions with related parties A relationship other than the owner company or the chairman of the board of directors are transactions of a commercial nature. Transactions with the owner company or the chairman of the board of directors of the owning company are of a financing nature

During the year, the company entered into transactions with the following related parties :

NAME	RELATIONSHIP	
Eng. Hisham El Wadi	Partner of the Subsidiary Company	
Due to related parties as of December 31 as follows:-	2021	2020
Eng. Hisham El Wadi	6,666,466	6,666,466
	6,666,466	6,666,466

16. RESERVES

Statutory reserve

In accordance with the Companies' Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 25% of the capital. However, the Company may, with the approval of the General Assembly continue deducting this annual ratio until this reserve is equal to the subscribed capital of the Company in full. This reserve is not available for dividends distribution.

Special reserve

In accordance with the Companies' Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company can establish a special reserve by an appropriation no more than 20% of net income. This reserve is for the expansion of the Company's financial position and is available for dividend distribution till the approval of the Company's Board of Directors.

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17. DISTRIBUTABLE PROFITS

Under the instructions of the Securities Commission, the distributable profits are as follows

	2021	2020
Retained earnings	5,023,393	4,834,332
Deduct: Unrealized profits	-	-
Profits earned	5,023,393	4,834,332
Deduct: Negative fair value reserve	-	-
Distributable profit	<u>5,023,393</u>	<u>4,834,332</u>

18. COST OF REVENUES

	2021	2020
Cost of construction projects revenue	39,252,476	48,189,288
Depreciation for the property and equipment	150,256	1,048,926
	<u>39,402,732</u>	<u>49,238,214</u>

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
Salaries ,wages, and other benefits	1,125,871	1,112,016
Government fees and subscriptions	51,591	46,573
Vehicles expenses	41,884	39,734
Electricity, water, telephone and internet	31,780	35,628
Stationary and printing	16,015	26,457
Professional fees and consultancies	35,673	71,079
Rent	44,427	61,557
Bids expenses	9,900	20,408
Maintenance	4,997	7,166
Insurance	62,362	50,102
Cleaning	2,015	1,954
Other expenses	8,959	22,596
	<u>1,435,474</u>	<u>1,495,270</u>

20. CONTINGENT LIABILITIES

The company has contingent liabilities as of December 31, 2021 for litter of credits in the amount of 115,969 Jordanian dinars and for bank guarantees of an amount of 30,351,147 Jordanian dinars

21. THE LEGAL STATUS OF THE COMPANY

Summary of Cases Submitted by the Subsidiary to Others:

The value of the cases filed by the subsidiary (Arab Towers Contracting Co.) amounted to 319,633 (2020: 319,633 JD).

Summary of cases filed against the Company and its subsidiary :

The value of cases filed by The amount of cases filed by other parties against (Arab Towers Contracting Company) amounted to 454,783 (2020: 1,734,859 JD).

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22. AMENDING THE FINANCIAL STATEMENTS FOR THE YEAR 2020

The financial statements for the year 2020 have been amended, as the adjusted account balances are as follows:

	Before the modification	After modification	Effect after modification
Share of foreign currency translation reserve	-	2,388	(2,388)
Non- controlling interest	3,983,528	3,984,614	1,086
Accrued expenses and other liabilities	2,131,928	2,128,454	(3,474)
Change currency translation reserve	-	3,474	3,474
Total comprehensive income for the year	(1,950,315)	(1,946,841)	3,474
Equity holders of the parent company	(1,308,382)	(1,305,994)	2,388
Non- controlling interest	(641,933)	(640,847)	1,086

23. FINANCIAL INSTRUMENTS

The Fair Value

The fair value of financial assets and financial liabilities include financial assets; cash and cash equivalents, checks under collection, receivables, securities, and include financial liabilities; accounts payable, credit facilities, loans, credits and other financial liabilities.

Management of share capital risks

The Company manages its capital to make sure that the Company will continue when it takes the highest return by the best limit for debts and owners equity balances. The Company's strategy doesn't change from 2020.

Structuring of Company's capital includes debt which includes borrowing, and the owners' equity in the Company which includes share capital, statutory reserve, partners' current account and accumulated losses as listed in the changes in owners' equity statement.

The debt rate

The board of directors is reviewing the share capital structure periodically, as a part of this reviewing, the board of directors consider the cost of share capital and the risks that is related in each faction from capital and debt factions. The Company capital structure includes debts from borrowing. The Company's doesn't determine the highest limit of the debt rate during 2022.

The management of the financial risks

The Company's activities might be exposing mainly to the followed financial risks:

Management of the foreign currencies risks

The company is not exposed to significant risks related to foreign currency price changes, so there is no need to effective management for this exposure.

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Interest rate risk

It is defined as the risk of fluctuation of the fair value or future cash flows of the financial instrument as a result of the change in the market interest rate, and that the financial instruments appearing in the consolidated statement of financial position are not subject to interest rate risks, with the exception of creditor banks and loans that are subject to market interest rates. The risk is managed by maintaining an appropriate combination of floating and fixed interest rate balances during the financial year.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the Company's profit for one year, and it is calculated based on the financial liabilities which carry variable interest rates at the end of the year.

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

<u>Currency</u>	<u>Interest rate increase</u>	<u>The impact on profit for the year</u>	
JD	(Percentage points)	<u>2021</u>	<u>2020</u>
	25	- 156,160	-184,777
<u>Currency</u>	<u>Interest rate decrease</u>	<u>The impact on profit for the year</u>	
JD	(Percentage points)	<u>2021</u>	<u>2020</u>
	25	+ 156,160	+184,777

Other price risk

The Company exposes to price risks resulting from its investments in owners' equity to other companies. The Company keeps investments in other company's owner's equity for strategic purposes and not for trading purposes.

The Company has no trading activity in those investments.

Credit risk management

The credit risks represented if one part of the financial instruments contracts has not obligated to pay the contractual obligations and cause of that the Company is exposing financial losses. However, there are no any contracts with any other parts so the Company doesn't expose to different types of the credit risks. The significant credit exposure for any any entities with similar characteristics has been disclosed in note no.(15).The Company classify the parts which have similar specifications as a related parties. Except the amounts which are related to the cash money.

Credit risks that are resulting from the cash money are specific because the parts that are dealing with it are local banks which have good reputations and controlled by control parties.

The listed amounts in the financial data represents the highest credit risk exposer to trade and other receivable, cash and cash equivalents.

Management of liquidity risks

The Board of directors is responsible for management of liquidity risks to manage the cash requirements, short, medium and long term liquidity. The Company managed the liquidity risks through controlling the future cash flow that evaluated permanently and correspond the due dates of assets and liabilities.

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The following table represents the contractual eligibilities to non-derivative financial liabilities.

The table has prepared on the non-deducted cash flows to the financial liabilities basis according to the early due dates that may require from the Company to pay or receive.

The table below contains cash flows for major amounts and interests.

	Year or less	More than one year	Total
December 31, 2021			
Tools without interest	47,553,616	-	47,553,616
Tools with interest	35,598,622	26,865,214	62,463,836
Total	83,152,238	26,865,214	110,017,452
December 31, 2020			
Tools without interest	37,313,722	-	37,313,722
Tools with interest	49,647,675	24,263,144	73,910,819
Total	86,961,397	24,263,144	111,224,541

24. THE IMPACT OF THE SPREAD OF CORONA VIRUS (COVID-19) ON THE COMPANY

The spread of the new Corona virus (Covid-19) occurred at the beginning of 2020 and its outbreak in several geographical regions around the world causing disruptions to economic activities and business. The company believes that this event does not affect any fundamental changes in the financial position of the company, and accordingly, the company does not expect material effects to occur on its operations in the Kingdom, which represent the total of its operations, in the event that things return to normal after the stage (Covid-19).

Management and those responsible for governance will continue to monitor the situation and provide stakeholders with developments as required by laws and regulations. In the event of any material changes in the current circumstances, additional disclosures will be provided or amendments will be approved in the Company's financial statements for subsequent periods.

25. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Directors and authorized for issuance on March 29, 2022.

26. COMPARATIVE FIGURES

Certain numbers for the year 2020 have been reclassified and reclassified to conform to the presentation numbers for the year ended December 31, 2021.



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