

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

**INTERIM CONSOLIDATED FINANCIAL
STATEMENTS AND REVIEW REPORT
FOR THE PERIOD ENDED JUNE 30, 2023**

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT
FOR THE PERIOD ENDED JUNE 30, 2023
(EXPRESSED IN JORDANIAN DINAR)

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REPORT ON REVIEWING THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the president and members of the board of directors
Injaz for Development and Projects Company
(Public Shareholding Company)

Report on the interim Consolidated Financial Statements

Introduction

We have reviewed the accompanying Interim Consolidated Statement of Financial Position for Injaz for Development and Projects Company (P.L.C.) as of June 30, 2023, and the related statements of Interim Consolidated Comprehensive Income, Shareholders equity and cash flows for the period then ended, The management is responsible of preparing and presenting company's interim consolidated financial statements in accordance with International Accounting Standard No. 34 (Interim Financial Reporting) which is an integral part of International Financial Reporting Standards. Our responsibility is limited to issue a conclusion on these interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor". This standard requires that we plan and perform the review to the process of reviewing interim consolidated financial information obtain moderate assurance as to whether the financial statements are free of material misstatement. Our review is primarily limited to inquiries of the company's accounting and financial departments personnel as well as applying analytical procedures to financial data .The range of our review is narrower than the broad range of audit procedures applied according to International Auditing Standards, Accordingly, Getting assurances and confirmations about other important aspects checked through an audit procedure was not achievable, Hence, We don't express an opinion regarding in this regard.

Conclusion

Based on our review, nothing has come to the attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view in accordance with International Accounting Standard No. 34.

Other Matter

The financial statement have been audited for the subsidiary (Arab Tower Contracting Company (Ltd)) for the year ended December 31, 2022, whose financial statement represents 83% of total assets and 100% of the total revenue of the consolidated financial statement has been reviewed by another auditor and he releases his unqualified opinion on March 25, 2023, and review the Interim Financial Statements for subsidiary (Arab Tower Contracting Company (Ltd)) for the six months ended June 30, 2023, whose financial statement represent 83% of total assets and 100% of the total revenue of the interim consolidated financial statement have been reviewed by another auditor and he releases his unqualified opinion on July 24, 2023 .

Modern Accountants
Abdul Kareem Qunais

License No.(496)

Amman-Jordan

July 26, 2023

Modern Accountants



الحاسبون العصريون

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2023 , AND DECEMBER 31, 2022
(EXPRESSED IN JORDANIAN DINAR)

	Note	2023	2022
ASSETS			
Non-current assets			
Goodwill	8	27,508,872	27,508,872
Property and equipment	4	34,334,922	34,507,564
Real estate investment	5	5,977,467	5,977,467
Long-term projects retentions		1,995,205	1,634,735
Total non-current assets		69,816,466	69,628,638
Current assets			
Prepaid expenses and other receivables		6,661,447	3,734,055
Inventory		9,646,790	11,570,848
Construction under process		1,292,663	1,165,215
Due from customers on construction contract		40,264,628	37,768,717
Accounts receivable and checks under collection	6	19,783,946	19,181,526
Short-term projects retentions		1,929,280	1,995,205
Cash and cash equivalents		13,507,412	14,754,374
Total current assets		93,086,166	90,169,940
TOTAL ASSETS		162,902,632	159,798,578
LIABILITIES AND SHAREHOLDERS EQUITY			
Shareholders equity			
Share capital	1	37,720,000	37,720,000
Statutory reserve		1,642,883	1,642,883
Special reserve		21,906	21,906
Share of foreign currency translation reserve		2,622	2,089
Retained earnings		2,091,663	3,562,835
Equity attributable to equity holders of the parent company		41,479,074	42,949,713
Non- controlling interest		2,820,626	3,474,456
Total shareholders equity		44,299,700	46,424,169
Non Current liabilities			
long term loans		35,051,990	34,133,994
Total non-current liabilities		35,051,990	34,133,994
Current liabilities			
Accrued expenses and other payables		1,960,865	2,225,982
Payments received in advance from construction contract		9,775,683	5,109,366
Accounts payable, deferred checks and notes payable	7	30,377,134	39,288,484
Short-term loans		19,156,044	16,948,702
Banks overdraft		22,281,216	15,667,881
Total current liabilities		83,550,942	79,240,415
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		162,902,632	159,798,578

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

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2023
(EXPRESSED IN JORDANIAN DINAR)

	For the period		For the beginning of the year to	
	April 1, 2023 till June 30, 2023	April 1, 2022 till June 30, 2022	June 30, 2023	June 30, 2022
Revenues	4,422,969	4,664,959	11,553,074	10,390,497
Cost of revenues	(3,667,835)	(5,809,449)	(10,968,947)	(10,860,451)
Gross profit	755,134	(1,144,490)	584,127	(469,954)
General and administrative expenses	(415,753)	(440,298)	(732,382)	(700,823)
Financial charges	(1,349,047)	(545,472)	(2,126,280)	(1,011,825)
Other revenues and expenses	36,195	301,644	149,291	414,096
LOSS FOR THE PERIOD	(973,471)	(1,828,616)	(2,125,244)	(1,768,506)
Other comprehensive income				
Change in foreign currency	-	(8)	775	(143)
Total other comprehensive losses for the period	(973,471)	(1,828,624)	(2,124,469)	(1,768,649)
Loss for the period is due to:				
Equity holders of the parent	(672,154)	(1,260,751)	(1,471,172)	(1,226,619)
Non-controlling interests	(301,297)	(567,865)	(654,072)	(541,887)
	(973,451)	(1,828,616)	(2,125,244)	(1,768,506)
Total comprehensive losses transferred to retained earnings as:				
Equity holders of the parent	(672,154)	(1,260,756)	(1,470,639)	(1,226,717)
Non-controlling interests	(301,317)	(567,868)	(653,830)	(541,932)
	(973,471)	(1,828,624)	(2,124,469)	(1,768,649)
Loss per share				
Loss per share – JD / share	(0,02)	(0,03)	(0,04)	(0,03)
Outstanding weighted average share	37,720,000	37,720,000	37,720,000	37,720,000

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INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2023
(EXPRESSED IN JORDANIAN DINAR)

	Share capital	Statutory reserve	Special reserve	Share of foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the parent	Non-Controlling Interest	Total shareholders equity
Balance at 1 January 2023	37,720,000	1,642,883	21,906	2,089	3,562,835	42,949,713	3,474,456	46,424,169
Comprehensive income for period	-	-	-	533	(1,471,172)	(1,470,639)	(653,830)	(2,124,469)
Balance at June 30, 2023	37,720,000	1,642,883	21,906	2,622	2,091,663	41,479,074	2,820,626	44,299,700
Balance at 1 January 2022	37,720,000	1,642,883	21,906	2,471	5,023,393	44,410,653	4,110,065	48,520,718
Comprehensive income for period	-	-	-	(98)	(1,226,619)	(1,226,717)	(541,932)	(1,768,649)
Balance at June 30, 2022	37,720,000	1,642,883	21,906	2,373	3,796,774	43,183,936	3,568,133	46,752,069

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

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS(UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2023
(EXPRESSED IN JORDANIAN DINAR)

	For the Six months ended June 30, 2023	For the Six months ended June 30, 2022
OPERATING ACTIVITIES		
Loss for the period	(2,125,244)	(1,768,506)
Adjustments on loss for the period:		
Depreciation	55,862	67,122
Financial charges	2,126,280	1,011,825
Foreign currency translation	775	(143)
Gain from sale property and equipment	(36,195)	(230,493)
Changes in operating assets and liabilities:		
Prepaid expenses and other receivables	(2,927,392)	(5,629,951)
Short term projects retentions	(294,545)	358,309
Accounts receivable and checks under collection	(602,420)	(1,081,142)
Due from customers on construction contract	(2,495,911)	3,164,874
Inventory	1,924,058	575,755
Construction under process	(127,448)	(143,139)
Accrued expenses and other payables	(265,117)	(943,781)
Advanced received payments from construction contract	4,666,317	-
Accounts payable, deferred checks and notes payable	(8,911,350)	(13,293)
Net Cash used in operating activities	(9,012,330)	(4,632,563)
INVESTING ACTIVITIES		
Proceeds of cash from the sale of property and equipment	163,601	755,024
Net change property and equipment	(10,626)	(144,215)
Net cash available from investing activities	152,975	610,809
FINANCING ACTIVITIES		
Banks overdraft	6,613,335	3,001,986
Loans	3,125,338	3,943,961
Financial charge paid	(2,126,280)	(1,011,825)
Net cash available from financing activities	7,612,393	5,934,122
Net change in cash and cash equivalents	(1,246,962)	1,912,368
Cash and cash equivalents, Januaray 1	14,754,374	14,736,740
Cash and cash equivalents June 30	13,507,412	16,649,108

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

INJAZ FOR DEVELOPMENT AND PROJECTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2023
(EXPRESSED IN JORDANIAN DINAR)

1. ORGANIZATION AND ACTIVITIES

Injaz for Development and Projects is 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 purchasing and developing lands and real-estate trading it as well as investing in shares and bonds.

The Company headquarter is in Amman.

2. NEW AND AMENDED IFRS STANDARDS

The following new and revised Standards and Interpretations are not yet effective	It is valid for annual periods beginning on or after
Classification of liabilities as current or not-current (Amendments to IAS 1)	January 1, 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	January 1, 2023
Definition of Accounting Estimate (Amendments to IAS 8)	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2)	January 1, 2023
Deferred Tax related to Assets and liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Deferred Indefinitely

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

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

The interim consolidated financial statements are presented in Jordanian Dinar, since that is the currency in which the majority of the Company's transactions are denominated.

The interim consolidated financial statements have been prepared on historical cost basis.

The interim consolidated financial statements do not include all the information and notes needed in the annual financial statements and must be reviewed with the ended financial statement on December 31, 2022, in addition to that the result for the six months ended on June 30, 2023, is not necessarily to be the expected results for the financial year ended December 31, 2023.

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2023
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The most important accounting policies

The accounting policies used in preparing the interim consolidated financial statements are consistent with those accounting policies that were used in preparing the consolidated financial statements for the year ended December 31, 2022.

Basis of Interim Consolidation Financial Statements

The Interim Consolidated Financial Statements incorporate the financial statements of Injaz For Development and Projects Company (Public Shareholding Company) and the subsidiaries controlled by the Company (Subsidiary 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 shareholder's 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 interim consolidated income statement, and the interim 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 interim consolidated financial statements of subsidiaries to bring their accounting policies into line with Croup's accounting policies.

INJAZ FOR DEVELOPMENT AND PROJECTS
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2023
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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.

The interim consolidated financial statements as of June 30, 2023, includes the financial statements of the following subsidiaries:

Name of subsidiary	Place of registration	Registration year	Ownership percentage	The main activity
Arab Tower Contracting Company (Ltd)	Hashemite Kingdom of Jordan	2007	68.75%	Civil construction

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 ECL 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 elected 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.

INJAZ FOR DEVELOPMENT AND PROJECTS
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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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 information and analysis based on the previous company experience and on the available credit score including forward-looking information.

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 interim consolidated 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.

**INJAZ FOR DEVELOPMENT AND PROJECTS
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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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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.

Presentation of allowance for ECL are presented in the interim consolidated financial information

Loss allowances for ECL are presented in the interim consolidated 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 interim 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.

Expenses are recognized on an accrual basis.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of interim 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 interim 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2023
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Significant increase in credit risk

ECLs are measured as an allowance equal to a 12-month ECL for stage 1 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.

Establishing Company's of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are Company 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 12month 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 interim 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 s 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 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.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2023
(EXPRESSED IN JORDANIAN DINAR)

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

Accounts receivable

Accounts receivable are stated at the fair value of the consideration given and are carried at amortized cost after provision for doubtful debts.

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. Expenses are distributed, if necessary between general and administrative expenses and sales cost on consistent basis.

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 that the net book value, goodwill is reduced to the recoverable amount and the value of the declining are recorded in the interim consolidated income statement if any.

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 recognized 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.

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.

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Property and equipment

Property and equipment are stated at cost less accumulated depreciation. 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:

	<u>Annual depreciation rate</u>
Buildings	2%
Caravans	20%
Vehicles	10%
Machines and equipment	10%-20%
Surveying equipment	10%-20%
Stud system	20%
Electrical supplies	10%-20%
Tools	10%-20%
Woods	40%
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.

An impairment test is performed to the value of the property and equipment that appears in the interim 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 interim 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 the 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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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 includes significant business sectors in the purchase, development, 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 interim consolidated statement of financial position only when there are legal rights to offset the recognized amounts, the Company intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

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 interim consolidated financial statements since it's immaterial.

Foreign currency transactions

Foreign currency transactions are 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 interim consolidated statement of comprehensive income.

4. PROPERTY AND EQUIPMENT

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Cost:		
Beginning balance	62,527,229	63,118,991
Additions	10,626	2,423,611
Disposals	(343,100)	(3,015,373)
Ending balance	<u>62,194,755</u>	<u>62,527,229</u>
Accumulated Depreciation :		
Beginning balance	28,019,665	30,048,163
Depreciation	55,862	159,756
Disposals	(215,694)	(2,188,254)
Ending balance	<u>27,859,833</u>	<u>28,019,665</u>
Net book value	<u>34,334,922</u>	<u>34,507,564</u>

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, There's major improvements on these apartments with total amount 977,467.

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6. ACCOUNTS RECEIVABLES AND CHECKS UNDER COLLECTION

	2023	2022
Account receivables *	2,029,769	1,586,065
Checks under collection	17,754,177	17,595,461
	<u>19,783,946</u>	<u>19,181,526</u>

* The aging account receivables are less than three months.

7. ACCOUNTS PAYABLE, DEFERRED CHECKS AND NOTES PAYABLES

	2023	2022
Accounts payable	8,751,181	15,020,355
Deferred checks	6,621,584	3,705,988
Due to related parties	6,666,466	6,666,466
Notes payable	8,337,903	13,895,675
	<u>30,377,134</u>	<u>39,288,484</u>

8. GOODWILL

During 2012 the purchase of 25% of Arab Tower Contracting Company (Ltd) shares of capital have been made on equity method on January 1, 2012, and the cost of acquire the additional an amount of 13,500,000 JD.

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 JD.

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 JD. 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 purchase 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:-

Assets	Fair value	Book value at aquisition
Property and equipment	18,101,977	18,101,977
Inventory	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
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 payables	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 decleration (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 period parent company has not perform the impairment test of the goodwill, therefor the recovable goodwill amount has not identified in related with the subsidiary, which is operateion construction contracting.

9. FINANCIAL INSTRUMENTS

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 2022.

Structuring of Company's capital includes debt which includes borrowing, and the shareholders equity in the Company which includes share capital reserves, share of forign currency translation reserve retained earning as it listed in the changes in interim consolidated statement of shareholders equity.

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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 2023.

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.

The company's activities may be exposed mainly to financial risks resulting from the following:

Interest rate risk

The Company is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, interest bearing loans and borrowings).

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 interim consolidated statement of shareholders equity.

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 represent in 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 exposed for any parts or group of parts that have a similar specification. The Company classified the parts which have similar specifications as a related parties. Except the amounts which are related in the cash money. The credit risks that are resulting from the cash money are specific because the parts that are dealing with it are local banks have good reputations and have been controlled from control parties.

The amounts had listed in the financial statements data represents the highest credit risk expose to the trade accounts receivable and to the cash and cash equivalent.

Liquidity risk

Are the risks of inability to pay the financial obligations that were settled by receiving cash or another financial assets.

Liquidity risk management by control on cash flows and comparing them with maturities of assets and financial liabilities.

10. APPROVAL OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The the interim consolidated financial statements were approved by the Directors and authorized for issuance on July 26, 2023.