

AL-DAMAN FOR INVESTMENTS COMPANY

PUBLIC SHAREHOLDING COMPANY

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2020



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**Report on Review of Interim Condensed Financial Statements
To the Board of Directors of
Al-Daman for Investments Company- Public Shareholding Company
Amman - Jordan**

Introduction

We have reviewed the accompanying interim condensed financial statements of Al-Daman for Investments Company - Public Shareholding Company (the "Company") as at 31 March 2020, comprising of the interim condensed statement of financial position as at 31 March 2020 and the related interim condensed statements of income, comprehensive income, changes in equity and cash flows for the nine months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard IAS 34 ("Interim Financial Reporting"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Amman – Jordan

2 July 2020

Ernst + Young

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2020

	Notes	31 March 2020 JD (Unaudited)	31 December 2019 JD (Audited)
<u>ASSETS</u>			
NON-CURRENT ASSETS -			
Property and equipment		28,281	30,222
Investments properties		2,142,415	2,153,923
Right of use asset	6	1,360,095	1,428,984
Projects in progress		34,680	32,144
Investments in an associate	4	5,343,291	5,393,961
Financial assets at fair value through other comprehensive income		194,732	223,414
		<u>9,103,494</u>	<u>9,262,648</u>
CURRENT ASSETS -			
Checks under collection, net		48,663	54,840
Accounts receivable, net		73,779	74,721
Other current assets		92,155	168,065
Cash and bank balances	5	2,862,150	2,739,230
		<u>3,076,747</u>	<u>3,036,856</u>
TOTAL ASSETS		<u><u>12,180,241</u></u>	<u><u>12,299,504</u></u>
<u>EQUITY AND LIABILITIES</u>			
SHAREHOLDERS' EQUITY -			
Share capital		10,000,000	10,000,000
Statutory reserve	7	376,448	376,448
Voluntary reserve	7	64,164	64,164
Fair value reserve		(74,504)	(45,822)
Company's share of fair value reserve of an associate		(183,180)	(165,708)
Retained earnings		335,149	414,835
NET EQUITY		<u>10,518,077</u>	<u>10,643,917</u>
LIABILITIES-			
NON - CURRENT LIABILITIES -			
Lease liabilities	6	1,385,915	1,428,271
CURRENT LIABILITIES -			
Other current liabilities		211,368	158,240
Lease liabilities	6	64,881	69,076
		<u>276,249</u>	<u>227,316</u>
TOTAL LIABILITIES		<u>1,662,164</u>	<u>1,655,587</u>
TOTAL EQUITY AND LIABILITIES		<u><u>12,180,241</u></u>	<u><u>12,299,504</u></u>

The attached notes from 1 to 12 form part of these interim condensed financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)

	Notes	31 March 2020 JD	31 March 2019 JD
Operating revenues		106,597	108,229
Operating expenses		<u>(70,629)</u>	<u>(65,841)</u>
Operating profit for the period		35,968	42,388
Interest income		36,454	34,934
Dividends income		-	2,705
Administrative Expenses - Amman		(24,655)	(23,849)
Administrative Expenses - Aqaba		(22,970)	(22,314)
Finance cost – lease liabilities		(35,902)	(36,294)
Provision for expected credit losses		(35,383)	(22,481)
Share of results from an associate	4	<u>(33,198)</u>	<u>35,467</u>
(Loss) profit for the period before income tax		(79,686)	10,556
Income tax	8	<u>-</u>	<u>-</u>
(Loss) profit for the period		<u>(79,686)</u>	<u>10,556</u>
		<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share from the (loss) profit of the period	9	<u>(0/008)</u>	<u>0/001</u>

The attached notes from 1 to 12 form part of these interim condensed financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)

	31 March 2020	31 March 2019
	JD	JD
(Loss) profit for the period	(79,686)	10,556
Add: Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods		
Changes in fair value	(28,682)	4,371
Changes in fair value reserve of an associate	(17,472)	12,776
Total comprehensive income for the period	<u>(125,840)</u>	<u>27,703</u>

The attached notes from 1 to 12 form part of these interim condensed financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	Paid in capital		Statutory reserve		Voluntary reserve		Fair value reserve		Company's share of fair value reserve of an associate		Retained earnings		Total	
	JD		JD		JD		JD		JD		JD		JD	
2020 -														
Balance at 1 January 2020	10,000,000		376,448		64,164		(45,822)		(165,708)		414,835		10,643,917	
Loss for the period	-		-		-		-		-		(79,686)		(79,686)	
Changes in fair value reserve	-		-		-		(28,682)		-		-		(28,682)	
Company's share of fair value reserve from an associate	-		-		-		-		(17,472)		-		(17,472)	
Total Comprehensive Income for the period	-		-		-		(28,682)		(17,472)		(79,686)		(125,840)	
Balance at 31 March 2020	10,000,000		376,448		64,164		(74,504)		(183,180)		335,149		10,518,077	
2019 -														
Balance at 1 January 2019	10,000,000		362,735		64,164		(44,511)		(171,511)		491,417		10,702,294	
Profit for the period	-		-		-		-		-		10,556		10,556	
Changes in fair value reserve	-		-		-		4,371		-		-		4,371	
Company's share of fair value reserve from an associate	-		-		-		-		12,776		-		12,776	
Total Comprehensive Income for the period	-		-		-		4,371		12,776		10,556		27,703	
Balance at 31 March 2019	10,000,000		362,735		64,164		(40,140)		(158,735)		501,973		10,729,997	

The attached notes from 1 to 12 form part of these interim condensed financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 (Unaudited)

	<u>Notes</u>	<u>31 March 2020</u>	<u>31 March 2019</u>
		JD	JD
<u>OPERATING ACTIVITIES</u>			
(Loss) profit for the period		(79,686)	10,556
Adjustments for:			
Depreciation of property and equipment		1,941	1,940
Depreciation of investments properties		16,158	16,081
Depreciation on right of use asset	6	7,617	7,818
Finance cost	6	35,902	36,294
Provision for expected credit losses		35,383	22,481
Share of results from an associate	4	33,198	(35,467)
Interest income		(36,454)	(34,934)
Dividends income		-	(2,705)
Working capital changes:			
Accounts receivable and other current assets		(45,890)	142,056
Checks under collection		6,177	(76,318)
Other current liabilities		53,128	33,495
Net cash flows from operating activities		<u>27,474</u>	<u>121,297</u>
<u>INVESTING ACTIVITIES</u>			
Deposits at banks with maturity of more than 3 months	5	(104,720)	(1,992,640)
Purchases of investments properties		(4,650)	(27,104)
Purchases of property and equipment		-	(2,850)
Project in progress		(2,536)	17,862
Interest income received		123,813	125,092
Net cash flows from (used in) investing activities		<u>11,907</u>	<u>(1,879,640)</u>
<u>FINANCING ACTIVITIES</u>			
Payment of lease liability	6	(21,181)	(30,268)
Net cash flows used in financing activities		<u>(21,181)</u>	<u>(30,268)</u>
Net change in cash and cash equivalents during the period		18,200	(1,788,611)
Cash and cash equivalents at 1 January		93,064	2,432,318
Cash and cash equivalents At 31 March	5	<u>111,264</u>	<u>643,707</u>

The attached notes from 1 to 12 form part of these interim condensed financial statements

(1) GENERAL

Al-Daman for Investments Company ("Company") was established and registered on 17th April 1993, as a Public Shareholding Company. The Company paid in capital is JD 10,000,000 divided into 10,000,000 share at par value of (JD 1) each.

The Company's objectives are to invest in projects, other companies, securities, and investing the Company's cash in real estate industry.

The interim condensed financial statements were authorized for issuance by the Board of Directors on 1 July 2020.

The Company's interim condensed financial statements are consolidated in the consolidated financial statement of (the Social Security Corporation) which owns 61.3% of the company's share capital.

(2-1) BASIS OF PREPARATION FINANCIAL STATEMENTS

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

The interim condensed financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through other comprehensive income, which have been measured at fair value as of the date of these interim condensed financial statements.

The interim condensed financial statements do not contain all information and disclosures required for the financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the annual financial statements as of 31 December 2019. In addition, the result of the three months period ended 30 March 2020 are not necessarily indicative of the result that may be expected for the financial year ending 31 December 2020.

The interim condensed financial statements are presented in Jordanian Dinars, which is the functional currency of the Company.

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019 except for the adoption of new standards effective as of 1 January 2020 shown below:

Amendments to IFRS 3: Definition of a Business

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

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

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7

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

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

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project.

These amendments do not have any impact on the Company's interim condensed financial statements.

(3) USE OF ESTIMATES

The preparation of the interim condensed financial statements and appliance of accounting policies requires the company's management to use estimation and professional judgement that affects the amounts of assets and liabilities and the disclosure of contingent liabilities. These estimates and judgements also affects revenues, expenses, and provisions. They especially require from the management to make important estimates and provisions that affect future cash flow and their timing that are a result of the situation and circumstances of those estimates in the future. Those estimates are based on multiple theories and factors that have multiple degrees of estimation and uncertainty. Therefor the actual results might differ from the estimates as a result in the change in future conditions and circumstances for those provisions.

(4) INVESTMENT IN AN ASSOCIATE

This item represents the Company's share in Al-Sharq for Projects Investments PLC. – Movenpick Amman of 26.03% (31 December 2019: 26.03%), the Company owns 4,164,153 shares as of 31 March 2020 and 31 December 2019 from the capital of Al-Sharq for investment projects PLC with a fair value of JD 11,035,005 as of 31 March 2020 (31 December 2019: JD 10,372,099).

Movement on investment in an associate were as follow:

	31 March 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Beginning balance of the period/ year	5,393,961	5,511,942
Share of results from an associate	(33,198)	84,421
Share of the change in fair value reserve of financial assets of an associate	(17,472)	5,803
Dividends distributed	-	(208,205)
Ending balance of the period/ year	<u>5,343,291</u>	<u>5,393,961</u>

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2020 (Unaudited)

The following schedules summarizes the financial information for the Company's investment in Alsharq Company for projects investments:

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Current assets	1,770,222	1,735,837
Non-current assets	19,635,266	19,968,469
Current liabilities	(997,483)	(1,116,432)
Non-current liabilities	(251,850)	(237,035)
Equity	<u>20,156,155</u>	<u>20,350,839</u>
Percentage of the Company's ownership	26,03%	26,03%
Carrying amount of the investment	5,343,291	5,393,961
Operating revenues	1,120,418	1,328,824
Operating costs	(457,893)	(439,778)
Administrative, maintenance, marketing and depreciation expenses	(794,293)	(717,780)
Other revenues	4,212	6,350
(Loss) profit for the period/ year before tax	(127,556)	177,616
Income tax expense	-	(41,343)
(Loss) profit for the period/ year	<u>(127,556)</u>	<u>136,273</u>
Company's share of (loss) profit for the period/ year	<u>(33,198)</u>	<u>35,467</u>

(5) CASH AND BANK BALANCES

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Cash on hand	650	-
Cash at banks	110,614	93,064
Cash and cash equivalents	<u>111,264</u>	<u>93,064</u>
Deposits maturing within a period of more than 3 months up to one year	2,750,886	2,646,166
	<u>2,862,150</u>	<u>2,739,230</u>

* This item represents deposits in Jordanian dinar which earns interest at a rate between 5.25% and 5.5% for the period ended 31 March 2020 (31 December 2019: 5.25% and 6.25%). Deposits are held for period between one month and one year.

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2020 (Unaudited)

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

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Cash on hand and at banks	2,862,150	2,739,230
Deposits maturing within a period of more than 3 months up to one year*	(2,750,886)	(2,646,166)
Cash and cash equivalents	<u>111,264</u>	<u>93,064</u>

(6) LEASE LIABILITIES

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period ended 31 March 2020 (Unaudited):

	Right of use assets - Lands	Lease Liabilities*
	JD	JD
At 1 January 2020	1,428,984	1,497,347
Adjustments	(61,272)	(61,272)
Depreciation	(7,617)	-
Finance costs	-	35,902
Payments	-	(21,181)
At 31 March 2020	<u>1,360,095</u>	<u>1,450,796</u>

* Lease liabilities details as at 31 March 2020 are as follows:

31 March 2020 (Unaudited)			31 December 2020 (Audited)		
Short term JD	Long term JD	Total JD	Short term JD	Long term JD	Total JD
<u>64,881</u>	<u>1,385,915</u>	<u>1,450,796</u>	<u>69,076</u>	<u>1,428,271</u>	<u>1,497,347</u>

(7) LEGAL RESERVES

The Company did not deduct legal reserves in accordance with the effective laws and regulations as these financial statements are interim condensed financial statements.

(8) INCOME TAX

No provision for income tax was calculated for the periods ended 31 March 2020 and 31 March 2019 due to the fact that the Company has accumulated losses from prior years in accordance with the Income Tax Law No. (38) of 2018.

The Company reached a final settlement with the Income and Sales Tax Department for its operations in Amman up to the year 2018 except for 2017. The Company submitted its tax declaration for the year 2017, which have not been reviewed by the Income Tax Department as at the financial statements preparation date.

The Company reached to a final settlement with the income and sales tax department for its operations in Aqaba up to the year 2016.

The Company submitted its tax declarations for its operation in Aqaba for the years 2017 and 2018. The Income and Sales Tax Department did not reviewed the accounting records of the Company at the financial statements preparation date.

(9) BASIC AND DILUTED EARNINGS PER SHARE

	<u>31 March 2020</u>	<u>31 March 2019</u>
(Loss) profit for the period (JD)	(79,686)	10,556
Weighted average number of shares (Share)	10,000,000	10,000,000
	<u>Fils/ JD</u>	<u>Fils/ JD</u>
Basic earnings per share (JD)	<u>(0/008)</u>	<u>0/001</u>

The diluted earnings per share is equal to the basic earnings per share.

(10) SEGMENT INFORMATION

The Business segment represents a group of assets and operations that work together to provide products or services that are subjected to risk and returns that differ from that related to other business segments.

The geographical segment is linked to providing products or services in a specific economical environment subjected to risks and returns that differ from those related to business in economical environment.

The Company's activities consists of one economical segment which represents revenues and expenses on the Aqaba project in addition to Amman office expenses, and the Board of Directors. There are no other segments, also the company is not involved in any other trade activity, and the following is a summary of operations:

	Amman	Private economic zone / Aqaba	Total
	JD	JD	JD
31 March 2020: (Unaudited)			
Operating revenues	-	106,597	106,597
Operating expenses	-	(70,629)	(70,629)
Share of results from an associate	(33,198)	-	(33,198)
Interest income	-	36,454	36,454
Administrative expenses	(24,655)	(22,970)	(47,625)
Finance cost – lease liabilities	(273)	(35,629)	(35,902)
Provision for expected credit loss	-	(35,383)	(35,383)
Profit for the period	(58,126)	(21,560)	(79,686)
31 March 2019: (Unaudited)			
Operating revenues	-	108,229	108,229
Operating expenses	-	(65,841)	(65,841)
Share of results from an associate	35,467	-	35,467
Interest income	-	34,934	34,934
Administrative expenses	(23,849)	(22,314)	(46,163)
Finance cost – lease liabilities	(521)	(35,773)	(36,294)
Dividends income	2,705	-	2,705
Provision for expected credit loss	-	(22,481)	(22,481)
Profit for the period	13,802	(3,246)	10,556

(11) RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

The following is the balances and transactions with related parties in the interim statement of financial position and interim statement of income :

	31 March 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Statement of Financial Position items:		
<u>Bank Deposits</u>		
Etihad Bank*	653,531	2,646,166
	31 March 2020	31 March 2019
	JD	JD
	(Unaudited)	(Audited)
Statement of Income items:		
Bank interest revenue**	29,060	26,243
Social Security contribution – company's share	2,482	2,897
Salaries and wages of executives	8,918	6,344
Board of directors transportation allowance	13,500	13,500
Travel and transportation expenses	1,115	1,656
Board of directors remuneration	3,150	2,700

* Member in the Board of Directors.

** Bank interest revenue represents revenues on bank deposits at banks who are Board of Directors.

(12) RISK MANAGEMENT

The World Health Organization made an assessment during March 2020 that the outbreak of the coronavirus (COVID-19) can be characterized as a pandemic. This coronavirus outbreak has impacted the global economy and global markets.

The size and duration of developments of these events, as well as their impact on the financial position of the Company, its financial performance and its cash flows are still uncertain as future developments cannot be accurately predicted at this stage and a reliable estimate cannot be made of their impact as of the date of these financial statements. Management is in the process of completing an assessment of the impact of these events on the Company's activities to take the necessary actions in accordance with the information available up to the date of these interim condensed financial statements. This evaluation includes the analysis of the risks to which the Company is exposed to as follows:

Credit risk

Credit risk is the risk that debtors and other parties will fail to meet their obligations towards the Company. The Company has recorded an expected credit losses provision with an amount of JD 35,383 for the period ended 31 March 2020. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and constantly monitoring outstanding receivables and believes that the provision for expected credit losses against those outstanding receivables is sufficient.

Interest rate risk

The Company is exposed to interest rate risk on its interest-bearing assets and liabilities such as bank deposits. The management believes that the effect of changes in interest rates as a result of the current events do not have any material impact on the Company's interim condensed financial statements.

Equity price risk

Equity price risk arises from changes in the fair value of equity investments. Equity investments in the interim condensed financial statements are mainly listed in Amman Stock Exchange at a value of JD 194,732. The management believes that the effect of the risks of changes in share prices as a result of the current events is not material to the interim condensed financial statements.

Liquidity risk

The Company believes that it is not exposed to liquidity risk as a result of current events, as it has not affected the objectives, policies and procedures related to capital structure and can fulfil its financial obligations when they fall due.

Currency risk

Most of the Company's transactions are in Jordanian Dinar. The Jordanian Dinar exchange rate is fixed against U.S. Dollar (USD 1.41 for each one JD). Accordingly, the Company is not exposed to significant currency risk as a result of changes in currency rates due to the current events on the Company's interim condensed financial statements.