

JORDAN HIMMEH MINERAL COMPANY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2023

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF
JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed financial statements of Jordan Himmeh Mineral Public Shareholding Company (the “Company”), comprising of the interim condensed statement of financial position as at 31 March 2023 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the three-month 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 the 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
20 April 2023

ERNST & YOUNG
Amman - Jordan

JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As At 31 MARCH 2023

	Notes	31 March 2023 JD (Unaudited)	31 December 2022 JD (Audited)
<u>ASSETS</u>			
Non-current assets -			
Property and equipment		792,879	792,879
Projects in progress	3	3,704,389	3,708,914
		<u>4,497,268</u>	<u>4,501,793</u>
Current assets -			
Other current assets		47,377	48,061
Cash at bank	4	520,274	528,971
		<u>567,651</u>	<u>577,032</u>
Total Assets		<u>5,064,919</u>	<u>5,078,825</u>
<u>EQUITY AND LIABILITIES</u>			
Equity -			
Paid-in capital	1	2,000,000	2,000,000
Share premium		70,026	70,026
Statutory reserve	5	66,910	66,910
Voluntary reserve	5	66,440	66,440
Accumulated losses		(227,565)	(223,524)
Total Equity		<u>1,975,811</u>	<u>1,979,852</u>
Non-current liabilities -			
Long-term loan	6	<u>2,009,686</u>	<u>2,063,624</u>
Current liabilities -			
Current portion of long-term loan	6	573,860	217,078
Payables and other current liabilities		475,534	789,628
Due to a related party	8	30,028	28,643
		<u>1,079,422</u>	<u>1,035,349</u>
Total Liabilities		<u>3,089,108</u>	<u>3,098,973</u>
Total Equity and Liabilities		<u>5,064,919</u>	<u>5,078,825</u>

The accompanying notes from 1 to 9 form part of these interim condensed financial statements

JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2023 (UNAUDITED)

	For the three months ended 31 March	
	2023	2022
	JD	JD
Interest income	4,296	5,622
Other income	125	125
Administrative expenses	(8,462)	(4,047)
(Loss) profit for the period	(4,041)	1,700
Add: Other comprehensive income items	-	-
Total comprehensive income for the period	(4,041)	1,700
	<u>JD / Fils</u>	<u>JD / Fils</u>
Basic and diluted (loss) profit per share	(0/002)	0/001

The accompanying notes from 1 to 9 form part of these interim condensed financial statements

JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2023 (UNAUDITED)

	Paid-in capital	Share premium	Statutory reserve	Voluntary reserve	Accumulated losses	Total equity
	JD	JD	JD	JD	JD	JD
31 March 2023 -						
Balance at 1 January	2,000,000	70,026	66,910	66,440	(223,524)	1,979,852
Total comprehensive income for the period	-	-	-	-	(4,041)	(4,041)
Balance at 31 March	<u>2,000,000</u>	<u>70,026</u>	<u>66,910</u>	<u>66,440</u>	<u>(227,565)</u>	<u>1,975,811</u>
31 March 2022 -						
Balance at 1 January	2,000,000	70,026	66,266	66,440	(229,319)	1,973,413
Total comprehensive income for the period	-	-	-	-	1,700	1,700
Balance at 31 March	<u>2,000,000</u>	<u>70,026</u>	<u>66,266</u>	<u>66,440</u>	<u>(227,619)</u>	<u>1,975,113</u>

The accompanying notes from 1 to 9 form part of these interim condensed financial statements

JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (UNAUDITED)

	For the three months ended 31 March	
	2023	2022
	JD	JD
<u>OPERATING ACTIVITIES</u>		
(Loss) profit for the period	(4,041)	1,700
Adjustments for:		
Interest income	(4,296)	(5,622)
Expected credit loss	125	-
Changes in working capital -		
Other current assets	515	77,828
Payables and other current liabilities	(314,094)	249,433
Net cash flows (used in) from operating activities	(321,791)	323,339
<u>INVESTING ACTIVITIES</u>		
Projects in progress	4,525	(509,424)
Interest income received	4,340	5,622
Net cash flows from (used in) investing activities	8,865	(503,802)
<u>FINANCING ACTIVITIES</u>		
Bank loan proceeds	302,844	298,666
Due to a related party	1,385	1,247
Net cash flows from financing activities	304,229	299,913
Net (decrease) increase in cash and cash equivalents	(8,697)	119,450
Cash and cash equivalents at the beginning of the period	528,971	897,331
Cash and cash equivalents at the end of the period	520,274	1,016,781

The accompanying notes from 1 to 9 form part of these interim condensed financial statements

(1) GENERAL

Jordan Himmeh Mineral Company (the "Company") was established on 4 June 1964 as a Public Shareholding Company. The Company's authorized and paid in capital was increased over the years to reach JD 2,000,000 at par value of JD 1 per share.

The Company's principal activities are to acquire mineral water sites in Mukhaiba and surrounding areas, as well as to construct hotels, public baths, restaurants and coffee shops. The Company is currently constructing an eco-lodge that features 30 rooms, therapeutic swimming pools and restaurants.

Trading of the Company's stocks on Amman Stock Exchange was paused on 13 August 2006 until further notice as a result of demolishing the old hotel.

The interim condensed financial statements were authorized for issue by the Board of Directors on 18 April 2023.

(2) BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION

The interim condensed financial statements for the three-month period ended 31 March 2023 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim condensed financial statements have been prepared under a historical cost basis.

The interim condensed financial statements have been presented in Jordanian Dinar "JD", which is the functional currency of the Company.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company's annual financial statements as at 31 December 2022. In addition, results for the three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 shown below:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The amendments are not expected to have a material impact on the Company.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

The amendments are not expected to have a material impact on the Company.

JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2023 (UNAUDITED)

(3) PROJECTS IN PROGRESS

This item represents the cost of studies and engineering designs related to the construction of a 30-room eco-lodge with therapeutic swimming pools and restaurants, in addition to excavation, construction and expanding pool area and hotel walls.

No additions to projects in progress during the three months ended 31 March 2023 and 31 March 2022.

The estimated cost to complete these projects is approximately JD 5,250,000 as at 31 March 2023. Management expects to complete these projects during the year 2025.

(4) CASH AT BANK

	31 March 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balances at bank	156,294	168,985
Term deposits*	363,980	359,986
	<u>520,274</u>	<u>528,971</u>

* Term deposits are fixed with a local bank in Jordanian Dinars with maturity of 3 months or less and earn an average interest rate of 4.83% per annum (2022: 3.25%).

(5) LEGAL RESERVES

The Company has made no transfers to statutory and voluntary reserves as per the Companies Law, as these financial statements represent interim condensed financial statements.

JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2023 (UNAUDITED)

(6) BANK LOAN

		Loans instalments					
		31 March 2023 (Unaudited)			31 December 2022 (Audited)		
Currency		Short Term	Long Term	Total	Short Term	Long Term	Total
		JD	JD	JD	JD	JD	JD
Cairo Amman Bank	JD	615,384	2,342,952	2,958,336	230,769	2,422,719	2,653,488
Less: unearned governmental grants		(41,524)	(333,266)	(374,790)	(13,691)	(359,095)	(372,786)
		<u>573,860</u>	<u>2,009,686</u>	<u>2,583,546</u>	<u>217,078</u>	<u>2,063,624</u>	<u>2,280,702</u>

On 4 September 2019, the Company signed a loan agreement in the amount of JD 2,000,000 supported by the Central Bank of Jordan to reinforce the tourism sector. The loan was granted to finance construction project of ecolodge resort at Himmeh in the northern part of the Kingdom. The loan term is 10 years including a 30-month grace period and then repayable in 16 equal semi-annual instalments of JD 125,000 each, commencing on 31 December 2022 at annual interest rate of 3.5%.

The loan was rescheduled by reducing the annual interest rate to 3% starting from 1 April 2020 and the number of instalments were reduced to 13 semi-annual equal instalments in the amount of JD 153,847. The first instalment is due on 30 September 2023.

On 17 May 2022, the loan ceiling was increased by JD 1,000,000 to become JD 3,000,000, and the semi-annual instalments were adjusted to be JD 230,769 each. The first instalment is due on 30 September 2023.

On 19 February 2023, the loan ceiling was increased by JD 1,000,000 to become JD 4,000,000 and the number of installments were adjusted to be 16 semi-annual equal installment in the amount of JD 307,692 each. The first installment is due on 30 September 2023.

The unutilized portion of the loan amounted to JD 1,041,664 as of 31 March 2023 (2022: JD 346,512).

Withdrawals are against the borrower presenting invoices and claims received from contractors and suppliers reflecting progress of the project as approved by the consultant engineer.

The aggregate amount and maturities of the loan are as follows:

<u>Year</u>	<u>JD</u>
1 April 2023 – 31 March 2024	615,384
1 April 2024 – 31 March 2025	615,384
1 April 2025 – 31 March 2026	615,384
1 April 2026 – 31 March 2027	615,384
1 April 2027 – 31 March 2028	496,800
	<u>2,958,336</u>

(7) INCOME TAX

No income tax was calculated for the Company for the periods ended 31 March 2023 and 2022 due to the excess of deductible expenses over taxable revenues in accordance with Income Tax Law No. (34) of 2014 and its amendments.

The Company submitted their income tax declarations to the Income Tax department up to the year 2021. The Income Tax Department did not review the Company's accounting records for the year 2021 until the date of these interim condensed financial statements.

The Company obtained its clearance from the Income Tax Department up to the year 2020. The income tax returns for the years from 2017 until 2019 were accepted through the sampling system.

(8) RELATED PARTIES

Related parties represent the Parent Company, sister companies, shareholders and key management personnel of the Company. Pricing policies and terms of transactions with related parties are approved by the Company's Board of Directors.

JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2023 (UNAUDITED)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION ITEMS:

	31 March 2023 JD (Unaudited)	31 December 2022 JD (Audited)
Assets -		
Cash at a Bank -		
Cairo Amman Bank (Major shareholder)	<u>520,274</u>	<u>528,971</u>
Liabilities -		
Long-term loan -		
Cairo Amman Bank (Major shareholder)	<u>2,583,546</u>	<u>2,280,702</u>
Liabilities -		
Due to a related party -		
Zara Investment (Holding) Company (Parent Company)	<u>30,028</u>	<u>28,643</u>

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME ITEMS:

	Nature of relationship	For the three months ended 31 March	
		2023	2022
		JD	JD
		(Unaudited)	(Unaudited)
	Major shareholder of the Parent Company		
Interest income – Cairo Amman Bank		<u>4,296</u>	<u>5,622</u>

(9) LITIGATIONS

The Company is a defendant in a number of lawsuits in the amount of JD 14,107 as of 31 March 2023 (2022: JD 14,407). Management and its legal advisor believe that no material obligation would arise against these lawsuits except for what has been provided for. The Company was not plaintiff in any lawsuits as of 31 March 2023 and 31 December 2022.