

JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 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 30 September 2023 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the nine-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
31 October 2023

ERNST & YOUNG
Amman - Jordan

JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Notes	30 September 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	3,784,045	3,708,914
		<u>4,576,924</u>	<u>4,501,793</u>
Current assets -			
Other current assets		52,617	48,061
Cash on hand and at bank	4	5,791,412	528,971
		<u>5,844,029</u>	<u>577,032</u>
Total Assets		<u><u>10,420,953</u></u>	<u><u>5,078,825</u></u>
<u>EQUITY AND LIABILITIES</u>			
Equity -			
Paid-in capital	1	7,452,202	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		(285,933)	(223,524)
Total Equity		<u>7,369,645</u>	<u>1,979,852</u>
Non-current liabilities -			
Long-term loan	6	2,470,497	2,063,624
Other non-current liabilities		487,839	359,095
		<u>2,958,336</u>	<u>2,422,719</u>
Current liabilities -			
Current portion of long-term loan	6	-	217,078
Payables and other current liabilities		62,770	430,533
Due to a related party	8	30,202	28,643
		<u>92,972</u>	<u>676,254</u>
Total Liabilities		<u>3,051,308</u>	<u>3,098,973</u>
Total Equity and Liabilities		<u><u>10,420,953</u></u>	<u><u>5,078,825</u></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 AND NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	JD	JD	JD	JD
Interest income	9,200	5,949	18,202	17,235
Other income	125	125	375	375
Administrative expenses	(2,906)	(2,984)	(14,560)	(10,676)
Profit for the period	6,419	3,090	4,017	6,934
Add: other comprehensive income items	-	-	-	-
Total comprehensive income for the period	6,419	3,090	4,017	6,934
	JD / Fils	JD/ Fils	JD / Fils	JD / Fils
Basic and diluted profit per share for the period	0/003	0/002	0/002	0/003

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 NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	Paid-in capital	Share premium	Statutory reserve	Voluntary reserve	Accumulated losses	Total equity
	JD	JD	JD	JD	JD	JD
30 September 2023-						
Balance at 1 January	2,000,000	70,026	66,910	66,440	(223,524)	1,979,852
Paid in Capital increase (note 1)	5,452,202	-	-	-	-	5,452,202
Capital increase expenses	-	-	-	-	(66,426)	(66,426)
Total comprehensive income for the period	-	-	-	-	4,017	4,017
Balance at 30 September	7,452,202	70,026	66,910	66,440	(285,933)	7,369,645
30 September 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	-	-	-	-	6,934	6,934
Balance at 30 September	2,000,000	70,026	66,266	66,440	(222,385)	1,980,347

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 NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

		For the nine months ended 30 September	
	Notes	2023	2022
		JD	JD
<u>OPERATING ACTIVITIES</u>			
Profit for the period		4,017	6,934
Adjustments for:			
Interest income		(18,202)	(17,235)
Expected credit losses		375	-
Changes in working capital -			
Other current assets		45	149,697
Accounts payable and other current liabilities		(354,072)	33,395
Net cash flows (used in) from operating activities		<u>(367,837)</u>	<u>172,791</u>
<u>INVESTING ACTIVITIES</u>			
Projects in progress	3	(75,131)	(1,599,799)
Interest income received		<u>13,226</u>	<u>17,235</u>
Net cash flows used in investing activities		<u>(61,905)</u>	<u>(1,582,564)</u>
<u>FINANCING ACTIVITIES</u>			
Loans		189,795	808,122
Due to a related party		1,559	1,839
Other credit balances		115,053	175,299
Capital increase		5,452,202	-
Capital increase expenses		(66,426)	-
Cash flows from financing activities		<u>5,692,183</u>	<u>985,260</u>
Net increase in cash and cash equivalents		5,262,441	(424,513)
Cash and cash equivalents as at the beginning of the period		<u>528,971</u>	<u>897,331</u>
Cash and cash equivalents as at the end of the period	4	<u><u>5,791,412</u></u>	<u><u>472,818</u></u>

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 capital was increased over the years to reach JD 9,000,000 of authorized capital, however, the underwritten and paid in capital reached JD 7,452,202 at par value of JD 1 per share.

On 18 April 2023, the General Assembly approved the increase of the company's authorized capital by an amount of JD 7 million / share for each shareholder, each according to their contribution ratio, where the authorized capital increases from JD 2 million / share to JD 9 million / ownership percentage, and The increase is covered by offering 7 million shares through public underwriting for the Company's shareholders, each according to their contribution percentage in the Company's capital and the nominal value of JD 1 per share.

On 25 September 2023, the Company's underwritten and paid-up capital was increased by JD 5,452,202 to JD 7,452,202 / 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.

The interim condensed financial statements were authorized for issue by the Board of Directors on 31 October 2023.

(2) BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION

The interim condensed financial statements for the nine-month period ended 30 September 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 nine-month period ended 30 September 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 interim condensed 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.

This standard was applied retroactively as of January 1, 2023, with early application allowed provided that the entity applied IFRS 9 and IFRS 15 before or with the application of 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.

These amendments had no material impact on the interim condensed financial statements of 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.

These adjustments are effective January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates occurring on or after the beginning of that period. Early application is allowed as long as it is disclosed.

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.

These adjustments are effective January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates occurring on or after the beginning of that period. Early application is allowed as long as it is disclosed.

These amendments had no material impact on the interim condensed financial statements of the Company.

(3) PROJECTS IN PROGRESS

This item represents the cost of studies and engineering designs related to the construction of a 30-room ecolodge with the featuring therapeutic swimming pools and restaurants, in addition to the excavation and construction work and the expansion of the main swimming pool and fences.

Additions to projects in progress amounted to JD 75,131 during the nine months ended 30 September 2023 (30 September 2022: JD 1,599,799).

The estimated cost to complete these projects is approximately JD 5,200,000 as at 30 September 2023. Management expects to complete these projects during the year 2025.

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

(4) CASH ON HAND AND AT BANK

	30 September 2023 JD (Unaudited)	31 December 2022 JD (Audited)
Cash on hand	150	-
Balances at a bank	19,107	168,985
Term deposits*	5,772,155	359,986
	<u>5,791,412</u>	<u>528,971</u>

* Term deposits are fixed with a local bank in Jordanian Dinars with original maturities of 3 months or less and earn an average interest rate of 6.5% per annum (31 December 2022: 3.58%).

(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 financial statements.

(6) BANK LOAN

		Loans' instalments					
		30 September 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	-	2,958,336	2,958,336	230,769	2,422,719	2,653,488
Less: Unearned governmental grants		-	(487,839)	(487,839)	(13,691)	(359,095)	(372,786)
		<u>-</u>	<u>2,470,497</u>	<u>2,470,497</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 backed by the Central Bank of Jordan to reinforce the tourism sector. The loan was granted to finance the 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, after which repayments commence over a period of 7 and a half years in 16 equal semi-annual instalments of JD 125,000 each commencing on 31 December 2022 with annual interest rate of 3.5%.

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

The loan was rescheduled and the annual interest rate was reduced 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 JD 230,769. The first instalment is due on 30 September 2023.

On 19 February 2023, the loan ceiling was increased by JD 1,000,000 to reach JD 4,000,000. On 3 September 2023, the loan was rescheduled, where the first installment is due on 30 September 2025 in 9 semi-annual installments in the amount of JD 444,444.

The unutilized portion of the loan amounted to JD 1,041,664 as at 30 September 2023 (31 December 2022: JD 346,512)

Withdrawals are made 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:

Period	JD
1 October 2024 – 30 September 2025	444,444
1 October 2025 – 30 September 2026	888,888
1 October 2026 – 30 September 2027	888,888
1 October 2027 – 30 September 2028	736,116
	<u>2,958,336</u>

(7) INCOME TAX

No income tax expense was calculated for the Company for the periods ended 30 September 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 self-assessment statements to the Income and Sales Tax Department for the years 2021 and 2022. The Income Tax Department has not reviewed the Company's records as of the date of preparation 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.

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

(8) RELATED PARTIES TRANSACTIONS

Related party transactions represent transactions with the Parent Company, sister companies, shareholders, senior executive management and companies in which there are major owners. The prices and conditions related to these transactions are approved by the Company's Board of Directors.

Interim condensed statement of financial position items:

	Nature of the relationship	30 September 2023	31 December 2022
		JD (Unaudited)	JD (Audited)
Current assets -			
Balances at a Bank -			
	(Main shareholder in the Parent Company)		
Cairo Amman Bank		<u>5,791,262</u>	<u>528,971</u>
Liabilities -			
Loans -			
	(Main shareholder in the Parent Company)		
Cairo Amman Bank -		<u>2,470,497</u>	<u>2,280,702</u>
Due to a related party -			
Zara Investment (Holding) Company	(Parent Company)	<u>30,202</u>	<u>28,643</u>

Interim condensed statement of comprehensive income items:

	Nature of the relationship	For the nine-months ended 30 September	
		2023	2022
		JD (Unaudited)	JD (Unaudited)
	(Main shareholder in the Parent Company)		
Interest income – Cairo Amman Bank		<u>18,202</u>	<u>17,235</u>

(9) LITIGATIONS

The Company is a defendant in a number of lawsuits in the amount of JD 56,757 as of 30 September 2023 (31 December 2022: JD 56,757). Management and its legal advisor believe that no material obligation would arise against these lawsuits except for what has been recorded. The Company was not a plaintiff in any lawsuits as of 30 September 2023 and 31 December 2022.