

JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2022



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**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 2022 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 2022

ERNST & YOUNG
Amman - Jordan

JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Notes	30 September 2022	31 December 2021
		JD (Unaudited)	JD (Audited)
<u>ASSETS</u>			
Non-current assets -			
Property and equipment		792,879	792,879
Projects in progress	3	3,465,246	1,865,447
		<u>4,258,125</u>	<u>2,658,326</u>
Current assets -			
Other current assets		56,279	205,976
Cash on hand and at bank	4	472,818	897,331
		<u>529,097</u>	<u>1,103,307</u>
Total Assets		<u><u>4,787,222</u></u>	<u><u>3,761,633</u></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	66,266	66,266
Voluntary reserve	5	66,440	66,440
Accumulated losses		(222,385)	(229,319)
Total equity		<u>1,980,347</u>	<u>1,973,413</u>
Liabilities -			
Non-current liabilities -			
Long-term loan	6	1,858,242	1,267,198
Current liabilities -			
Current portion of long-term loan	6	217,078	-
Accounts payable and other current liabilities		703,268	494,574
Due to a related party	8	28,287	26,448
		<u>948,633</u>	<u>521,022</u>
Total Liabilities		<u>2,806,875</u>	<u>1,788,220</u>
Total Equity and Liabilities		<u><u>4,787,222</u></u>	<u><u>3,761,633</u></u>

The accompanying notes from 1 to 10 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 2022 (UNAUDITED)

	For the three months ended 30 September		For the nine months ended 30 September	
	2022	2021	2022	2021
	JD	JD	JD	JD
Interest income	5,949	3,965	17,235	11,678
Other income	125	125	375	526
Administrative expenses	(2,984)	(4,687)	(10,676)	(16,312)
Profit (loss) for the period	3,090	(597)	6,934	(4,108)
Add: other comprehensive income items	-	-	-	-
Total comprehensive income for the period	3,090	(597)	6,934	(4,108)
	JD / Fils	JD/ Fils	JD / Fils	JD / Fils
Basic and diluted profit (loss) per share for the period	0/002	-	0/003	(0/002)

The accompanying notes from 1 to 10 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 2022 (UNAUDITED)

	Paid-in capital	Share premium	Statutory reserve	Voluntary reserve	Accumulated losses	Total equity
	JD	JD	JD	JD	JD	JD
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	<u>2,000,000</u>	<u>70,026</u>	<u>66,266</u>	<u>66,440</u>	<u>(222,385)</u>	<u>1,980,347</u>
2021-						
Balance at 1 January	1,557,772	70,026	66,266	66,440	(219,000)	1,541,504
Capital Increase	442,228	-	-	-	-	442,228
Capital Increase expenses	-	-	-	-	(814)	(814)
Total comprehensive income for the period	-	-	-	-	(4,108)	(4,108)
Balance at 30 September	<u>2,000,000</u>	<u>70,026</u>	<u>66,266</u>	<u>66,440</u>	<u>(223,922)</u>	<u>1,978,810</u>

The accompanying notes from 1 to 10 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 2022 (UNAUDITED)

		For the nine months ended 30 September	
	Notes	2022	2021
		JD	JD
<u>OPERATING ACTIVITIES</u>			
Profit (loss) for the period		6,934	(4,108)
Adjustments for:			
Provision for end-of-service indemnity		-	524
Interest income		(17,235)	(11,678)
Changes in working capital -			
Other current assets		149,697	57,696
Accounts payable and other current liabilities		208,694	90,247
Net cash flows from operating activities		<u>348,090</u>	<u>132,681</u>
<u>INVESTING ACTIVITIES</u>			
Projects in progress	3	(1,599,799)	(863,405)
Interest income received		17,235	11,678
Net cash flows used in investing activities		<u>(1,582,564)</u>	<u>(851,727)</u>
<u>FINANCING ACTIVITIES</u>			
Loan proceeds		808,122	701,782
Due to a related party		1,839	3,501
Capital increase		-	442,228
Capital increase expenses		-	(814)
Cash flows from financing activities		<u>809,961</u>	<u>1,146,697</u>
Net (decrease) increase in cash and cash equivalents		(424,513)	427,651
Cash and cash equivalents as at the beginning of the period		897,331	545,664
Cash and cash equivalents as at the end of the period	4	<u><u>472,818</u></u>	<u><u>973,315</u></u>

The accompanying notes from 1 to 10 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 2,000,000 of authorized capital and JD 2,000,000 of paid-in capital 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 in the process of constructing a 30-room eco-lodge featuring therapeutic swimming pools and restaurants.

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

The interim condensed financial statements were authorized for issuance by the Board of Directors on 24 October 2022.

(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 2022 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 2021. In addition, results for the nine-month period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

(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 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

This amendment is not applicable to the Company.

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2022 (UNAUDITED)

(3) PROJECTS IN PROGRESS

This item represents the cost of studies and engineering designs related to the construction of a 30-room ecolodge 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 1,599,799 during the nine months ended 30 September 2022 (30 September 2021: JD 863,405).

The estimated cost to complete these projects is approximately JD 9,250,000 as at 30 September 2022 (2021: JD 5,500,000). Management expects to complete this project during the year 2024.

(4) CASH ON HAND AND AT BANK

	<u>30 September 2022</u> JD (Unaudited)	<u>31 December 2021</u> JD (Audited)
Balances at a bank	16,137	205,191
Term deposits*	<u>456,681</u>	<u>692,140</u>
	<u>472,818</u>	<u>897,331</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 3.39% per annum (2021: 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
30 SEPTEMBER 2022 (UNAUDITED)

(6) BANK LOAN

	Currency	Loans' instalments					
		30 September 2022 (Unaudited)			31 December 2021 (Audited)		
		Short-term	Long-term	Total	Short-term	Long-term	Total
	JD	JD	JD	JD	JD	JD	
Cairo Amman Bank	JD	230,769	2,160,701	2,391,470	-	1,408,049	1,408,049
Less: Unearned governmental grants		(13,691)	(302,459)	(316,150)	-	(140,851)	(140,851)
		<u>217,078</u>	<u>1,858,242</u>	<u>2,075,320</u>	<u>-</u>	<u>1,267,198</u>	<u>1,267,198</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 2021 with annual interest rate of 3.5%.

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 2021, 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.

The unutilized portion of the loan amounted to JD 608,530 as at 30 September 2022 (2021: JD 1,591,951)

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.

JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2022 (UNAUDITED)

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

Period	JD
1 October 2022 – 30 September 2023	230,769
1 October 2023 – 30 September 2024	461,538
1 October 2024 – 30 September 2025	461,538
1 October 2025 – 30 September 2026	461,538
1 October 2026 –and thereafter	776,087
Total	<u>2,391,470</u>

(7) INCOME TAX

No income tax was calculated for the Company for the periods ended 30 September 2022 and 2021 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 tax declarations to the Income Tax department up to the year 2021. The Income Tax Department have not reviewed the Company's accounting records as of the date of preparation of interim condensed financial statements.

The Company obtained its clearance from the Income Tax Department up to the year 2016. The income tax returns for the years from 2017 until 2019 were accepted through the sampling system.

(8) RELATED PARTIES TRANSACTIONS

Related parties represent the Parent Company, sister companies, shareholders, directors 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
30 SEPTEMBER 2022 (UNAUDITED)

Interim condensed statement of financial position items:

	<u>Nature of the relationship</u>	<u>30 September 2022</u>	<u>31 December 2021</u>
		JD (Unaudited)	JD (Audited)
Current assets -			
Balances at a Bank -			
	(Main shareholder in the Parent Company)		
Cairo Amman Bank		<u>472,818</u>	<u>897,331</u>
Liabilities -			
Loans -			
	(Main shareholder in the Parent Company)		
Cairo Amman Bank -		<u>2,075,320</u>	<u>1,267,198</u>
Due to a related party -			
Zara Investment (Holding) Company	(Parent Company)	<u>28,287</u>	<u>26,448</u>

Interim condensed statement of comprehensive income items:

	<u>Nature of the relationship</u>	<u>For the nine-months ended 30 September</u>	
		<u>2022</u>	<u>2021</u>
		JD	JD
	(Main shareholder in the Parent Company)		
Interest income – Cairo Amman Bank		<u>17,235</u>	<u>11,678</u>

(9) LITIGATIONS

The Company is a defendant in a number of lawsuits in the amount of JD 42,650 as of 30 September 2022 (2021: JD 14,407). 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 2022 and 31 December 2021.

(10) THE OUTBREAK OF CORONAVIRUS (COVID-19) AND ITS IMPACT ON THE COMPANY

The Coronavirus has had an impact on the global economy and caused disruption in global markets, together with travel restrictions, which has adversely impacted the tourism and hospitality sector, which in turn resulted in amendments to the Company's project plans.

The Company's project to construct an eco-lodge project in Al Himmeh area is still ongoing as of the date of the interim condensed financial statements, where the Company has completed the first phase of the construction of the eco-lodge during the year 2022. However, due to the adverse impact of Covid-19 pandemic in Jordan, the Company's progress regarding the project has been delayed and has caused Company's management to reassess the project's plans. Management expects to complete the second phase of the project during the year 2024.

Management continues to monitor the impact that the Covid-19 pandemic on the Group's operating activities and its financial performance regularly in order to take appropriate measures to enable it to carry out its activities given the current circumstances and to determine its ability to realize its assets and settle its obligations for both, the medium and long-term.