

ZARA INVESTMENT (HOLDING) COMPANY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 JUNE 2024

**REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF
ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Zara Investment (Holding) Company – Public Shareholding Company (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2024, comprising of the interim condensed consolidated statement of financial position as at 30 June 2024 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS (34) “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim condensed consolidated 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS (34).

Amman – Jordan
28 July 2024

ERNST & YOUNG
Amman - Jordan

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Notes	30 June 2024 JD (Unaudited)	31 December 2023 JD (Audited)
<u>ASSETS</u>			
Non-current assets -			
Property and equipment	3	144,183,558	147,374,057
Investment properties		2,375,725	2,444,598
Right-of-use assets	4	5,893,083	6,083,508
Projects in progress	5	6,164,093	4,800,875
Financial assets at fair value through other comprehensive income		3,288,411	3,364,888
Advance payments for land purchases		111,200	111,200
Deferred tax assets	11	4,121,929	3,688,485
Advance payments to suppliers and contractors		294,896	669,359
		<u>166,432,895</u>	<u>168,536,970</u>
Current assets -			
Inventories		1,602,119	1,737,346
Accounts receivable	6	4,387,771	3,180,695
Other current assets		2,478,955	1,808,460
Cash on hand and at banks	7	32,709,139	35,262,610
		<u>41,177,984</u>	<u>41,989,111</u>
Total assets		<u>207,610,879</u>	<u>210,526,081</u>
<u>EQUITY AND LIABILITIES</u>			
Equity			
Attributable to the equity owners of the Company -			
Paid-in capital		145,000,000	145,000,000
Statutory reserve	8	850,293	850,293
Cumulative change in fair value	9	(1,279,494)	(1,207,032)
Retained earnings		1,661,267	4,769,797
		<u>146,232,066</u>	<u>149,413,058</u>
Non-controlling interests		17,048,758	18,561,988
Total equity		<u>163,280,824</u>	<u>167,975,046</u>
Liabilities -			
Non-current liabilities -			
Long-term loans	10	15,419,707	13,559,851
Long-term lease obligations	4	4,365,490	4,611,616
Deferred tax liabilities	11	217,155	227,259
Other non-current liabilities	12	6,109,730	6,618,204
		<u>26,112,082</u>	<u>25,016,930</u>
Current liabilities -			
Current portion of long-term loans	10	839,423	2,286,007
Short-term lease obligations	4	1,407,331	1,377,789
Due to banks		768,833	-
Accounts payable		6,623,172	5,462,690
Other current liabilities	12	8,228,406	7,912,663
Other provisions		225,138	263,923
Provision for income tax	11	125,670	231,033
		<u>18,217,973</u>	<u>17,534,105</u>
Total liabilities		<u>44,330,055</u>	<u>42,551,035</u>
Total Equity and Liabilities		<u>207,610,879</u>	<u>210,526,081</u>

The accompanying notes from 1 to 17 form part of these interim condensed consolidated financial statements

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2024 (UNAUDITED)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2024	2023	2024	2023
		JD	JD	JD	JD
Operating revenues		14,812,054	22,805,936	23,429,036	38,238,212
Operating expenses		(11,986,922)	(15,196,100)	(21,862,144)	(27,927,948)
Net operating revenues	13	2,825,132	7,609,836	1,566,892	10,310,264
Interest income		334,812	192,536	672,189	348,158
Other income		253,809	242,387	433,194	483,718
Finance costs		(263,859)	(238,828)	(519,837)	(477,824)
Depreciation of property plant and equipment and investment properties		(1,950,431)	(1,976,578)	(3,980,926)	(3,966,112)
Depreciation of right-of-use assets	4	(97,565)	(102,630)	(190,425)	(205,260)
Administrative expenses		(755,568)	(728,810)	(1,669,479)	(1,418,726)
Other provisions		(1,431)	(162)	(2,862)	(22,662)
Profit (loss) for the period before income tax		344,899	4,997,751	(3,691,254)	5,051,556
Income tax (expense) benefit, net	11	(130,090)	(552,999)	347,494	(533,804)
Profit (loss) for the period		214,809	4,444,752	(3,343,760)	4,517,752
Attributable to:					
Equity holders of the Company		41,714	4,170,927	(3,108,530)	4,362,944
Non-controlling interests		173,095	273,825	(235,230)	154,808
		214,809	4,444,752	(3,343,760)	4,517,752
		JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted profit (loss) per share attributable to the equity holders of the Company	14	-	0/028	(0/021)	0/029

The accompanying notes from 1 to 17 form part of these interim condensed consolidated financial statements

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2024 (UNAUDITED)

	For the three months ended 30 June		For the six months ended 30 June	
	2024	2023	2024	2023
	JD	JD	JD	JD
Profit (loss) for the period	214,809	4,444,752	(3,343,760)	4,517,752
Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods, net of tax:				
Change in fair value, net of deferred tax liabilities	(44,857)	172,526	(72,462)	155,276
Total comprehensive income for the period	169,952	4,617,278	(3,416,222)	4,673,028
Attributable to:				
Equity holders of the Company	(3,143)	4,343,453	(3,180,992)	4,518,220
Non-controlling interests	173,095	273,825	(235,230)	154,808
	<u>169,952</u>	<u>4,617,278</u>	<u>(3,416,222)</u>	<u>4,673,028</u>

The accompanying notes from 1 to 17 form part of these interim condensed consolidated financial statements

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024 (UNAUDITED)

	Attributable to the equity holders of the Company							
	Reserves			Cumulative change in fair value	Retained earnings (accumulated losses)	Total	Non- controlling interests	Total equity
	Paid-in capital	Statutory	Voluntary					
	JD	JD	JD	JD	JD	JD	JD	JD
30 June 2024 -								
Balance at 1 January	145,000,000	850,293	-	(1,207,032)	4,769,797	149,413,058	18,561,988	167,975,046
Total comprehensive income for the period	-	-	-	(72,462)	(3,108,530)	(3,180,992)	(235,230)	(3,416,222)
Change in non-controlling interests due to change in the share capital of a subsidiary	-	-	-	-	-	-	(1,278,000)	(1,278,000)
Balance at 30 June	<u>145,000,000</u>	<u>850,293</u>	<u>-</u>	<u>(1,279,494)</u>	<u>1,661,267</u>	<u>146,232,066</u>	<u>17,048,758</u>	<u>163,280,824</u>
30 June 2023 -								
Balance at 1 January	150,000,000	6,638,512	689,496	(1,255,341)	(12,173,704)	143,898,963	18,309,667	162,208,630
Total comprehensive income for the period	-	-	-	155,276	4,362,944	4,518,220	154,808	4,673,028
Change in non-controlling interests due to change in the share capital of a subsidiary	-	-	-	-	62,869	62,869	(62,869)	-
Balance at 30 June	<u>150,000,000</u>	<u>6,638,512</u>	<u>689,496</u>	<u>(1,100,065)</u>	<u>(7,747,891)</u>	<u>148,480,052</u>	<u>18,401,606</u>	<u>166,881,658</u>

The accompanying notes from 1 to 17 form part of these interim condensed consolidated financial statements

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2024 (UNAUDITED)

	Notes	For the six months ended 30 June	
		2024	2023
		JD	JD
<u>Operating Activities</u>			
(Loss) profit for the period before income tax		(3,691,254)	5,051,556
Adjustments:			
Interest income		(672,189)	(348,158)
Dividends income		(36,418)	(36,418)
Gain on sale of property and equipment		(40,619)	-
Finance costs		519,837	477,824
Depreciation of property and equipment and investment properties		3,980,926	3,966,112
Depreciation of right-of-use assets	4	190,425	205,260
Deferred grant income		(100,000)	(100,000)
Other provisions		2,862	22,662
Changes in working capital:			
Inventories		135,227	(143,962)
Accounts receivable		(670,495)	(1,759,301)
Other current assets		(1,207,076)	(1,293,854)
Accounts payable		(117,518)	954,926
Other current liabilities		479,446	(23,692)
Other provisions paid		(41,647)	(142,200)
Income tax paid	11	(197,402)	(29,839)
Net cash flows (used in) from operating activities		(1,465,895)	6,800,916
<u>Investing activities</u>			
Purchase of property and equipment	3	(721,554)	(1,571,815)
Investment properties		-	(390)
Proceeds from sale of property and equipment		40,619	-
Projects in progress		(988,755)	(656,123)
Advance payments to suppliers and contractors		(98,332)	(606,552)
Contractors' accruals and retentions		36,418	36,418
Interest income received		672,189	348,158
A bank deposit maturing in three to six months.		2,000,000	-
Net cash flows from (used in) investing activities		940,585	(2,450,304)
<u>Financing Activities</u>			
Proceeds from loans		1,032,765	1,299,280
Loans repayment		-	(133,333)
Other current liabilities		(1,099,549)	750,795
Finance costs paid		(251,182)	(203,672)
Payment of lease obligations	4	(479,028)	(335,441)
Net cash flows (used in) from financing activities		(796,994)	1,377,629
Net (decrease) increase in cash and cash equivalents		(1,322,304)	5,728,241
Cash and cash equivalents at the beginning of the period		33,262,610	25,985,774
Cash and cash equivalents at the end of the period	7	31,940,306	31,714,015

The accompanying notes from 1 to 17 form part of these interim condensed consolidated financial statements

(1) GENERAL

Zara Investment (Holding) Company (the “Company”) was established on 10 May 1994 as a Public Shareholding Company. The Company’s paid-in capital is JD 145,000,000 consisting of 145,000,000 shares of JD 1 par value each.

The extraordinary general assembly of the company’s shareholders decided, in its meeting held on April 18, 2023, to extinguish the entire balance of the company’s accumulated losses as of December 31, 2022, amounting to 12,173,704 dinars, by reducing the capital by 5,000,000 dinars, and reducing the balance of the compulsory and optional reserves by 6,484,208 dinars and 689,496 dinars, respectively. The capital reduction procedures were completed on July 31, 2023, so that the capital decreased from 150,000,000 dinars to 145,000,000 dinars, distributed into 145,000,000 shares with a nominal value of one dinar per share.

The principal activities of the Company are to manage its subsidiaries (collectively referred to as the “Group”), participate in other companies’ management in which it is a principal owner, invest in stocks, bonds and financial instruments, and grant loans, guarantees and finance to its subsidiaries. The Company owns, through its subsidiaries, hotels and resorts located in several places in Jordan (Amman, Dead Sea, Petra, Himmeh and Aqaba).

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors in its meeting held on 22 July 2024.

(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six-month period ended 30 June 2024 have been prepared in accordance with International Accounting Standard number 34 “Interim Financial Reporting”.

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

The interim condensed consolidated financial statements have been presented in Jordanian Dinar (JD) which represents the functional currency of the Group.

The interim condensed consolidated 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 Group’s annual consolidated financial statements as of 31 December 2023. In addition, the results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

(2-2) BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the financial statements of the Company subsidiaries (note 15) as at 30 June 2024.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, revenues and expenses of a subsidiary acquired or disposed of during the year are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent 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 financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, revenues, expenses and profit or loss relating to transactions between members of the Group are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss.

(2-3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023 except for the adoption of new amendments on the standards effective as of 1 January 2024 shown below:

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2024 (UNAUDITED)

(3) PROPERTY AND EQUIPMENT

Additions to property and equipment amounted to JD 721,554 during the six months ended 30 June 2024 (30 June 2023: JD 1,571,815).

(4) RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

The schedule below illustrates the book value of the Group's right-of-use assets and lease obligations and the movements during the period ended 30 June 2024 and the year ended 31 December 2023:

	Right-of-use assets			
		Photovoltaic		Lease
	Land	stations	Total	obligations*
	JD	JD	JD	JD
30 June 2024 (Unaudited)				
At 1 January	1,226,621	4,856,887	6,083,508	5,989,405
Depreciation	(44,472)	(145,953)	(190,425)	-
Finance costs	-	-	-	262,444
Payments	-	-	-	(479,028)
At 30 June	1,182,149	4,710,934	5,893,083	5,772,821

	Right-of-use-assets			
		Photovoltaic		Lease
	Land	stations	Total	Obligation*
	JD	JD	JD	JD
31 December 2023 (Audited)				
At 1 January	824,272	5,148,792	5,973,064	6,008,214
Additions	516,993	-	516,993	516,993
Depreciation	(114,644)	(291,905)	(406,549)	-
Finance costs	-	-	-	529,494
Payments	-	-	-	(993,867)
Transferred to accounts payable	-	-	-	(71,429)
At 31 December	1,226,621	4,856,887	6,083,508	5,989,405

* Lease obligation details as at 30 June 2024 and 31 December 2023 are as follows:

30 June 2024 (Unaudited)			31 December 2023 (Audited)		
Short-term	Long-term	Total	Short-term	Long-term	Total
JD	JD	JD	JD	JD	JD
<u>1,407,331</u>	<u>4,365,490</u>	<u>5,772,821</u>	<u>1,377,789</u>	<u>4,611,616</u>	<u>5,989,405</u>

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2024 (UNAUDITED)

(5) PROJECTS IN PROGRESS

Additions to projects in progress amounted to JD 1,363,218 during the six months ended 30 June 2024 (30 June 2023: JD 686,722).

Projects which were completed and transferred to property and equipment amounted to zero during the six months ended 30 June 2024 and 30 June 2023.

The estimated cost to complete the projects in progress is JD 14,500,000 as at 30 June 2024 (31 December 2023: JD 16,000,000). Management of the Group expects to complete these projects during the upcoming three years.

(6) OTHER CURRENT ASSETS

	30 June 2024	31 December 2023
	JD	JD
	(Unaudited)	(Audited)
Aqaba Special Economic Zone Authority *	1,333,375	1,333,375
Prepaid expenses	1,288,704	268,098
Refundable deposits	862,898	697,182
Others	902,794	882,040
	<u>4,387,771</u>	<u>3,180,695</u>

- * In 2015, the two subsidiaries (South Coast Real Estate Development Company and South Coast Hotels Company) collectively signed an agreement with Aqaba Special Economic Zone Authority ("ASEZA") to cancel the sale and development agreement made in 2007 with ASEZA for the purchase of a number of land lots. In the agreement signed in 2015, ASEZA promised to repay the advances to the two subsidiaries in five equal annual instalments amounting to JD 1.3 million each over a period of 5 years starting in 2016 and ending in 2021. In 2023, the two subsidiaries agreed with ASEZA to postpone last instalment due on 1 June 2023 for two years in light of repercussions of COVID-19. On 20 November 2023, the Group has agreed with the Authority to postpone the last instalment. Accordingly, the final instalment would be due at the latest by 30 June 2024. The last instalment has not been collected as of the date of the preparation of these interim condensed consolidated financial statements.

(7) CASH ON HAND AND AT BANKS

	30 June 2024	31 December 2023
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	81,334	72,414
Current accounts at banks	9,691,654	12,377,005
Term deposits *	22,936,151	20,813,191
A bank deposit maturing in three to six months **	-	2,000,000
	<u>32,709,139</u>	<u>35,262,610</u>

- * Term deposits are fixed for one to three months and earn annual interest rate ranging from 4% to 6.5% per annum (31 December 2023: 4% to 6.5% per annum).

- ** This item represents a deposit with al Etihad Bank, and this deposit has been linked for a period of 3 to 6 months at an interest rate of 6.5% per annum (31 December 2023: 6.5% per annum).

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2024 (UNAUDITED)

For the purpose of preparing the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	For the six months ended 30 June	
	2024	2023
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks	32,709,139	31,714,015
Less: Due to banks	(768,833)	-
	<u>31,940,306</u>	<u>31,714,015</u>

(8) LEGAL RESERVES

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

9) CUMULATIVE CHANGE IN FAIR VALUE

Movements on cumulative change in fair value during the period / year were as follows:

	31 March 2024	31 December 2023
	JD	JD
	(Unaudited)	(Audited)
Beginning balance of the period / year	(1,207,032)	(1,255,341)
Change in fair value of financial assets at fair value through other comprehensive income	(76,477)	50,985
Change in deferred tax liabilities (note 11)	4,015	(2,676)
Ending balance of the period / year	<u>(1,279,494)</u>	<u>(1,207,032)</u>

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2024 (UNAUDITED)

(10) LOANS

This item represents loans granted from the following parties:

				Loan instalments			
				30 June 2024		31 December 2023	
				(Unaudited)		(Audited)	
				Long		Long	
				Currency	Unutilized balance	Interest rate	Short term
			JD	JD	JD	JD	
Bank al Etihad – Jordan Hotels and Tourism Co.	Jordanian Dinar	393,613	3,5%	133,333	1,458,508	266,666	981,779
Cairo Amman Bank – Jordan Hotels and Tourism Co.	Jordanian Dinar	-	3%	55,554	1,944,446	222,216	1,777,784
Cairo Amman Bank – Jordan Himmeh Mineral Co.	Jordanian Dinar	1,041,664	3%	-	2,650,644	-	2,650,644
Cairo Amman Bank – Nabatean Hotels Co. 1	Jordanian Dinar	897,550	3,25%	153,847	640,909	307,694	487,062
Cairo Amman Bank – Nabatean Hotels Co. 2	Jordanian Dinar	-	3%	55,554	1,944,446	222,216	1,777,784
Cairo Amman Bank – Amman Tourism Investment Co. 1	Jordanian Dinar	-	3,5%	153,847	1,538,457	307,694	1,384,610
Cairo Amman Bank – Amman Tourism Investment Co. 2	Jordanian Dinar	-	3%	55,554	1,944,446	222,216	1,777,784
Cairo Amman Bank – National Hotels and Tourism Co. 1	Jordanian Dinar	1,117,814	3%	-	939,106	142,857	677,931
Cairo Amman Bank – National Hotels and Tourism Co. 2	Jordanian Dinar	-	3%	55,554	1,944,446	222,216	1,777,784
Cairo Amman Bank – Red Sea Hotels Co. 1	Jordanian Dinar	1,634,644	3,5%	181,818	183,538	210,305	-
Cairo Amman Bank – Red Sea Hotels Co. 2	Jordanian Dinar	-	3%	47,222	1,652,778	188,888	1,511,112
Cairo Amman Bank – Zara South Coast Development Co.1	Jordanian Dinar	1,584,000	3%	-	416,000	-	-
Cairo Amman Bank – Zara South Coast Development Co.2	Jordanian Dinar	-	3%	47,222	1,652,730	188,888	1,511,064
				939,505	18,910,454	2,501,856	16,315,338
Less: Unearned governmental grants				(100,082)	(3,490,747)	(215,849)	(2,755,487)
				839,423	15,419,707	2,286,007	13,559,851

The aggregate amounts and maturities of the loans are as follows:

Period	Amount
	JD
1 July 2025 – 30 June 2026	4,071,778
1 July 2026 – 30 June 2027	4,013,240
1 July 2027 – 30 June 2028	3,856,067
1 July 2028 – 30 June 2029	2,786,392
1 July 2029 and thereafter	4,182,977
	<u>18,910,454</u>

(11) INCOME TAX

No income tax provision was calculated for the Group for the period ended 30 June 2024, due to the excess of deductible expenses over taxable revenues, in accordance with Income Tax Law No. (34) of 2014 and its amendments, Investment Commission Law No. (30) of 2014 and Aqaba Special Economic Zone Authority Law No. (32) of 2000 and its amendments. The income tax for the period ended 30 June 2023 represents income tax due on the results of operations of some of the Company's subsidiaries in accordance with the Income Tax Law (34) of 2014 and its amendments, the Investment Law (30) of 2014, and Aqaba Special Economic Zone Law (32) of 2000 and its amendments.

Income tax –

The income tax expense appears in the interim condensed consolidated statement of profit or loss represents the following:

	For the six months ended 30 June	
	2024	2023
	JD	JD
	(Unaudited)	(Unaudited)
Income tax for the period	-	330,245
Prior years' income tax	92,039	7,675
Deferred income tax, net	(439,533)	195,884
	<u>(347,494)</u>	<u>533,804</u>

Provision for income tax –

Movements on the provision for income tax during the period / year were as follows:

	30 June	31 December
	2024	2023
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period / year	231,033	68,653
Income tax for the period / year	-	406,190
Prior years' income tax	92,039	11,523
Reversal of provision	-	(2,152)
Income tax paid during the period / year	(197,402)	(253,181)
Ending balance for the period / year	<u>125,670</u>	<u>231,033</u>

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The Company and its subsidiaries submitted their tax declarations to the Income Tax Department and Aqaba Special Economic Zone Authority (ASEZA) up to the year 2022. The Company and its subsidiaries are to submit their tax declarations to the Income Tax Department and Aqaba Special Economic Zone Authority (ASEZA) for the year 2023 during the upcoming period. The details of last clearances obtained by the Company and its subsidiaries are as follows:

Company	Year of last clearance (or sampling system acceptance) until the year	
	Income and Sales Tax Department	Aqaba Special Economic Zone Authority
Jordan Hotels and Tourism PSC	2019	-
Jordan Himmeh Mineral PSC	2021	-
Nabatean Hotels LLC	2020	-
Amman Tourism Investment LLC	2019	-
Rum Hotels and Tourism LLC	2021	-
Oasis Hotels LLC	2021	-
National Hotels and Tourism LLC	2020	-
Jordan Hotel Supplies Trading LLC	2019	2019
Red Sea Hotels LLC	-	2020
South Coast Real Estate Development LLC	-	2020
South Coast Hotels LLC	-	2020
Zara South Coast Development LLC	-	2020
Zara Agricultural Services and Marketing LLC	2019	2018
Himmeh Solar Power LLC	2020	-
Zara Investment (Holding) PSC	2022	-

Deferred tax assets –

Deferred tax assets represent the estimated tax effect of accumulated tax losses carried forward pertaining to several subsidiaries, which are expected to result in future tax benefits.

Movements on deferred tax assets during the period / year were as follows:

	30 June 2024 JD (Unaudited)	31 December 2023 JD (Audited)
Beginning balance for the period / year	3,688,485	4,145,777
Tax effect of accumulated tax losses carried forward	433,444	193,173
Tax effect of accumulated tax losses released	-	(650,465)
Ending balance for the period / year	4,121,929	3,688,485

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Deferred tax liabilities –

Deferred tax liabilities comprise the estimated income tax on unrealized gains from financial assets at fair value through other comprehensive income, which appear in the cumulative change in fair value within equity, as well as on depreciation differences related to machinery and equipment and computer hardware and software, which are depreciated for financial reporting purposes at rates lower than those used in the computation of income tax.

Movements on deferred tax liabilities during the period / year were as follows:

	30 June 2024	31 December 2023
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period / year	227,259	237,056
Change in fair value of financial assets	(4,015)	2,676
Depreciation differences related to machinery and equipment and computer hardware and software, net	(6,089)	(12,473)
Ending balance for the period / year	<u>217,155</u>	<u>227,259</u>

(12) OTHER CURRENT LIABILITIES

	30 June 2024	31 December 2023
	JD	JD
	(Unaudited)	(Audited)
Unearned governmental grants	4,272,966	3,778,965
Social Security Corporation deposits	3,361,027	4,335,084
Accrued expenses	2,812,918	2,737,268
Guest deposits	1,656,118	1,511,996
Deferred grant income	899,984	999,984
Cooling units	175,690	216,753
Sales tax deposits	107,927	35,715
Contractors' accruals and retentions	87,290	185,622
Others	964,216	729,480
	<u>14,338,136</u>	<u>14,530,867</u>
Non-current portion	6,109,730	6,618,204
Current portion	<u>8,228,406</u>	<u>7,912,663</u>
	<u>14,338,136</u>	<u>14,530,867</u>

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(13) SEGMENT INFORMATION

This item represents the following:

	Hotels' segment *	Other segments	Eliminations	Total
	JD	JD	JD	JD
For the period ended 30 June 2024				
(Unaudited) -				
Operating revenues	22,949,014	731,097	(251,075)	23,429,036
Operating expenses	(21,641,161)	(472,058)	251,075	(21,862,144)
Net operating revenues	1,307,853	259,039	-	1,566,892
Other information –				
Interest income	662,881	9,308	-	672,189
Finance costs	506,949	12,888	-	519,837
Depreciation	4,160,270	11,081	-	4,171,351

* Hotels' net operating revenues for the period ended 30 June 2024 is as follows:

	Grand				Nabatean		
	Hotel	Hyatt	Dead Sea	Petra	Aqaba	Castle	Tala Bay
	InterContinental	Amman	Movenpick	Movenpick	Movenpick	Movenpick	Movenpick
	Jordan	Hotel	Resort	Resort	Resort	Hotel	Resort
	JD	JD	JD	JD	JD	JD	JD
Operating revenues (unaudited) -							
Rooms revenue	3,225,859	2,468,030	2,284,253	1,543,231	1,830,735	-	1,961,413
Food and beverage revenue	2,796,320	1,714,352	1,635,804	762,629	709,271	-	796,145
Other departments revenue	326,890	212,631	444,671	58,748	49,424	-	128,608
	<u>6,349,069</u>	<u>4,395,013</u>	<u>4,364,728</u>	<u>2,364,608</u>	<u>2,589,430</u>	<u>-</u>	<u>2,886,166</u>
Operating expenses (unaudited) -							
Rooms expenses	701,130	460,875	538,141	306,724	385,996	62,925	385,121
Food and beverage expenses	2,048,707	1,274,600	1,193,313	660,796	626,193	59,252	765,317
Other departments expenses	264,355	64,001	328,258	23,165	103,666	-	193,245
Administrative and marketing expenses	2,493,306	1,997,342	2,203,010	1,055,217	1,484,142	218,813	1,743,551
Other expenses	-	-	-	-	-	-	-
	<u>5,507,498</u>	<u>3,796,818</u>	<u>4,262,722</u>	<u>2,045,902</u>	<u>2,599,997</u>	<u>340,990</u>	<u>3,087,234</u>
Net operating revenues	841,571	598,195	102,006	318,706	(10,567)	(340,990)	(201,068)
							1,307,853

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	Hotels' segment *	Other segments	Eliminations	Total
	JD	JD	JD	JD
For the period ended 30 June 2023 (Unaudited) -				
Operating revenues	37,511,263	1,126,550	(399,601)	38,238,212
Operating expenses	(27,627,038)	(700,511)	399,601	(27,927,948)
Net operating revenues	9,884,225	426,039	-	10,310,264

Other information –

Interest income	345,571	2,587	-	348,158
Finance costs	477,824	-	-	477,824
Depreciation	4,159,151	12,221	-	4,171,372

* Hotels' net operating revenues for the period ended 30 June 2023 is as follows:

	Grand				Nabatean			
	Hotel	Hyatt	Dead Sea	Petra	Aqaba	Castle	Tala Bay	
	InterContinental	Amman	Movenpick	Movenpick	Movenpick	Movenpick	Movenpick	
	Jordan	Hotel	Resort	Resort	Resort	Hotel	Resort	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Operating revenues (unaudited) -								
Rooms revenue	3,722,493	2,895,496	4,239,442	4,520,704	2,641,775	1,010,817	2,915,251	21,945,978
Food and beverage revenue	3,234,286	1,946,893	3,128,047	2,232,287	1,276,220	409,738	1,306,483	13,533,954
Other departments revenue	412,578	343,952	852,258	165,060	69,118	4,270	184,095	2,031,331
	<u>7,369,357</u>	<u>5,186,341</u>	<u>8,219,747</u>	<u>6,918,051</u>	<u>3,987,113</u>	<u>1,424,825</u>	<u>4,405,829</u>	<u>37,511,263</u>
Operating expenses (unaudited) -								
Rooms expenses	736,422	591,613	779,243	562,973	496,768	168,240	518,795	3,854,054
Food and beverage expenses	2,270,495	1,489,706	1,768,201	1,302,364	853,550	321,062	932,587	8,937,965
Other departments expenses	271,853	80,106	437,249	48,909	141,500	186	217,359	1,197,162
Administrative and marketing expenses	2,596,216	2,398,253	2,823,583	1,604,827	1,727,028	483,745	2,004,205	13,637,857
	<u>5,874,986</u>	<u>4,559,678</u>	<u>5,808,276</u>	<u>3,519,073</u>	<u>3,218,846</u>	<u>973,233</u>	<u>3,672,946</u>	<u>27,627,038</u>
Net operating revenues	1,494,371	626,663	2,411,471	3,398,978	768,267	451,592	732,883	9,884,225

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	<u>Hotels' segment</u>	<u>Other segments</u>	<u>Eliminations</u>	<u>Total</u>
	JD	JD	JD	JD
<u>Assets and Liabilities</u>				
As at 30 June 2024 (Unaudited)				
Segment assets	219,951,155	58,450,592	(70,790,868)	207,610,879
Segment liabilities	81,756,111	33,364,812	(70,790,868)	44,330,055
As at 31 December 2023 (Audited)				
Segment assets	222,578,120	58,625,223	(70,677,262)	210,526,081
Segment liabilities	81,795,305	31,432,992	(70,677,262)	42,551,035

(14) BASIC AND DILUTED PROFIT (LOSS) PER SHARE

	<u>For the three months</u> <u>ended 30 June</u>		<u>For the six months</u> <u>ended 30 June</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Profit (loss) attributable to equity holders of the Company (JD)	41,714	4,170,927	(3,108,530)	4,362,944
Weighted average number of shares (Share)	145,000,000	150,000,000	145,000,000	150,000,000
	<u>JD / Fils</u>	<u>JD / Fils</u>	<u>JD / Fils</u>	<u>JD / Fils</u>
Basic earnings (loss) per share attributable to the equity holders of the Company	<u>-</u>	<u>0/028</u>	<u>(0/021)</u>	<u>0/029</u>

Basic and diluted earnings (loss) per share attributable to the equity holders for the period are equal.

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(15) RELATED PARTY TRANSACTIONS

The interim condensed consolidated financial statements comprise the financial statements of the Company and its following subsidiaries (all incorporated in Jordan):

	Paid-in Capital		Principal Activities	Ownership	
	30 June	31 December		30 June	31 December
	2024	2023		2024	2023
	JD	JD		%	%
Jordan Hotels and Tourism PSC	10,000,000	10,000,000	Hotel InterContinental Jordan	51.6	51.6
Jordan Himmeh Mineral PSC	7,452,202	7,452,202	Himmeh Resort	94	94
			Nabatean Castle Hotel and Petra		100
Nabatean Hotels LLC	3,300,000	3,300,000	Movenpick Hotel	100	
			Grand Hyatt Amman Hotel, Hyatt		100
Amman Tourism Investment LLC	16,500,000	16,500,000	Tower and Zara Center	100	
Rum Hotels and Tourism LLC	700,000	700,000	Tourism Project –Wadi Mousa	82.1	82.1
Oasis Hotels LLC	1,600,000	1,600,000	Tourism Project - Dead Sea	92.2	92.2
National Hotels and Tourism LLC	15,000,000	15,000,000	Dead Sea Movenpick Hotel	100	100
Jordan Hotel Supplies Trading LLC	330,000	330,000	Gift Shops	100	100
Red Sea Hotels LLC	17,000,000	17,000,000	Aqaba Movenpick Hotel	100	100
South Coast Real Estate Development LLC	4,250,000	10,050,000	Tourism Project - Aqaba	82	82
South Coast Hotels LLC	3,500,000	4,800,000	Tourism Project - Aqaba	82	82
Zara South Coast Development LLC	39,425,503	39,425,503	Tala Bay Movenpick Hotel - Aqaba	84.8	84.8
Zara Agricultural Services and Marketing LLC	61,000	61,000	Plant maintenance	100	100
Himmeh Solar Power LLC	24,000	24,000	Solar power electricity generation	93.6	93.6

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Related parties represent subsidiaries, major shareholders, and key management personnel of the Group. Pricing policies and terms of transactions with related parties are approved by the Group's management.

Balances of related parties included in the interim condensed consolidated statement of financial position:

	<u>Nature of the relationship</u>	<u>30 June 2024</u>	<u>31 December 2023</u>
		JD	JD
		(Unaudited)	(Audited)
Assets:			
	(Registered in the name of the Chairman of the Board of Directors		
Advance payments for land purchases		<u>111,200</u>	<u>111,200</u>
Cash at banks -			
Arab Bank, Bank al Etihad, and Cairo Amman Bank	Shareholders	<u>32,626,934</u>	<u>35,188,085</u>
Accounts receivable -			
Amounts due from Cairo Amman Bank	Shareholder	<u>9,823</u>	<u>1,747</u>
Liabilities:			
Loans -			
Cairo Amman Bank and Bank al Etihad	Shareholders	<u>16,259,130</u>	<u>15,845,858</u>

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Transactions with related parties included in the interim condensed consolidated statement of profit or loss:

	Nature of the relationship	For the six months ended 30 June	
		2024	2023
		JD (Unaudited)	JD (Unaudited)
Interest income – Cairo Amman Bank and Bank al Etihad	Shareholders	<u>672,189</u>	<u>348,158</u>
Rent income – Cairo Amman Bank	Shareholder	<u>42,100</u>	<u>39,000</u>
Finance costs – Cairo Amman Bank and Bank al Etihad	Shareholders	<u>251,182</u>	<u>203,673</u>
Rent expense – Astra Investment Company	Owned by the Chairman of the Group	<u>74,184</u>	<u>74,184</u>

Key management personnel compensation (salaries, compensation and other benefits) is as follows:

	For the six months ended 30 June	
	2024	2023
	JD (Unaudited)	JD (Unaudited)
Salaries, compensation, and other benefits	<u>105,750</u>	<u>105,750</u>
Board of Directors' remuneration and transportation	<u>63,259</u>	<u>59,028</u>

(16) CONTINGENT LIABILITIES

The Group has outstanding bank guarantees in the amount of JD 143,541 as at 30 June 2024 (31 December 2023: JD 167,541).

(17) LITIGATIONS

In the normal course of business, the Group appears as a defendant in a number of lawsuits in the amount of JD 208,448 as of 30 June 2024 (31 December 2023: JD 172,939). Management and its legal advisor believe that the Group's position holds strong against these lawsuits and there is no need for any provision except for what has been recorded. The Group is plaintiff in lawsuits against others in the amount of JD 475,014 as of 30 June 2024 (31 December 2023: JD 807,835).