JORDAN HIMMEH MINERAL COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Jordan Himmeh Mineral Public Shareholding Company
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jordan Himmeh Mineral Public Shareholding Company (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter: Assessing potential impairment of land	
Land is recorded at cost less any accumulated impairment losses. The carrying value of the Company's land as at 31 December 2021 was JD 792,877 which represents 21% of the Company's total assets. Accordingly, the potential impairment of the land was considered as a key audit matter.	Our audit procedures included, amongst others, an evaluation of the Company's policies and procedures to identify triggering events for potential impairment of the Company's land including obtaining valuations reports conducted by independent valuation experts. We have also considered the independence and competency of the valuation experts.

Other information included in the Company's 2021 annual report

Other information consists of the information included in the Company's 2021 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2021 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the financial statements.

The partner in charge of the audit resulting in this auditor's report was Waddah Issam Barkawi; license number 591.

Amman – Jordan
24 March 2022

ERNST & YOUNG
Amman - Jordan

JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
ASSETS			
Non-current assets -			
Property and equipment	3	792,879	792,879
Projects in progress	4	1,865,447	267,881
		2,658,326	1,060,760
Current assets -			
Other current assets	5	205,976	208,047
Cash on hand and at bank	6	897,331	545,664
		1,103,307	753,711
Total Assets		3,761,633	1,814,471
EQUITY AND LIABILITIES			
Equity -	7		
Paid-in capital		2,000,000	1,557,772
Share premium		70,026	70,026
Statutory reserve		66,266	66,266
Voluntary reserve		66,440	66,440
Accumulated losses		(229,319)	(219,000)
Total equity		1,973,413	1,541,504
Liabilities -			
Non-current liabilities -			
Bank loan	8	1,267,198	220,342
Current liabilities -			
Payables and other current liabilities	9	494,574	29,973
Due to a related party	13	26,448	22,652
		521,022	52,625
Total liabilities		1,788,220	272,967
Total Equity and Liabilities		3,761,633	1,814,471

The accompanying notes from 1 to 19 form part of these financial statements

JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
Interest income	13	17,809	19,903
Other income		965	1,879
Administrative expenses	10	(28,210)	(21,810)
Loss for the year		(9,436)	(28)
Add: Other comprehensive income items		-	-
Total comprehensive income for the year		(9,436)	(28)
		JD / Fils	JD / Fils
Basic and diluted loss per share	12	(0.005)	-

The accompanying notes from 1 to 19 form part of these financial statements

JORDAN HIMMEH MINERAL PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Paid-in capital	Share premium	Statutory reserve	Voluntary reserve	Accumulated losses	Total equity
	JD	JD	JD	JD	JD	JD
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	-	-	-	-	(883)	(883)
Total comprehensive income for the year	-	-	-	-	(9,436)	(9,436)
Balance at 31 December	2,000,000	70,026	66,266	66,440	(229,319)	1,973,413
2020 -						
Balance at 1 January	1,557,772	70,026	66,266	66,440	(218,972)	1,541,532
Total comprehensive income for the year	-	-	-	-	(28)	(28)
Balance at 31 December	1,557,772	70,026	66,266	66,440	(219,000)	1,541,504

The accompanying notes from 1 to 19 form part of these financial statements

JORDAN HIMMEH MINERAL COMPANY PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
OPERATING ACTIVITIES		JD	JD
Loss for the year		(9,436)	(28)
Adjustments:			
Provision for end-of-service indemnity	10	794	515
Interest income		(17,809)	(19,903)
Changes in working capital -			
Other current assets		2,071	(173,484)
Payables and other current liabilities		327,528	(56,786)
Provision for end-of-service indemnity paid		(4,572)	-
Net cash flows from (used in) operating activities		298,576	(249,686)
INVESTING ACTIVITIES			
Projects in progress	4	(1,597,566)	(81,977)
Interest income received		17,809	19,903
Net cash flows used in investing activities		(1,579,757)	(62,074)
FINANCING ACTIVITIES			
Increase in paid in capital		442,228	-
Capital increase expenses		(883)	-
Bank loan		1,187,707	173,762
Net change in a related party balance		3,796	2,061
Net cash flows from financing activities		1,632,848	175,823
Net increase (decrease) in cash and cash equivalents		351,667	(135,937)
Cash and cash equivalents at the beginning of the year		545,664	681,601
Cash and cash equivalents at the end of the year	6	897,331	545,664

The accompanying notes from 1 to 19 form part of these 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 is JD 2,000,000 at par value of JD 1 per share and its paid-in capital is JD 1,557,772 at par value of JD 1 per share as of 31 December 2020. On 21 April 2021, the General Assembly approved to increase the Company's capital in its extraordinary meeting by JD 442,228 to reach JD 2,000,000 of authorized and 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 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 as a result of demolishing the old hotel until further notice.

The financial statements were approved by the Company's Board of Directors on 15 March 2022. These financial statements require the approval of the General Assembly of the shareholders.

(2) BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION

The accompanying financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board.

The financial statements have been prepared on a historical cost basis.

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

(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 2020 except for the adoption of new amendments on the standards effective as of 1 January 2021 shown below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest,
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued,
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

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

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease Modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Company has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

(2-3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and Equipment -

Property and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any.

Property and equipment (except for land) are depreciated using the straight-line method over their estimated useful lives using the following annual depreciation rates:

	Years
Furniture and fixtures	4-7
Computers	5
Others	5-6

The asset residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

When property and equipment are sold or retired, any gain or loss resulting from their disposal is included in the statement of comprehensive income.

Projects in Progress -

Projects in progress are stated at cost less impairment losses, if any, which represents cost of constructions, equipment and direct costs. Projects in progress are not depreciated until they are ready for use and transferred to property and equipment.

Cash and Cash Equivalents -

Cash and cash equivalent in the statement of financial position comprise cash and bank balances and short-term deposits with original maturity of three months or less.

Accounts Payable and Accruals -

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Loans -

Loans and borrowings are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans are subsequently measured at amortized cost using the effective interest method. Gain or losses are recognized in the statement of comprehensive income, in accordance with the calculation model of the effective interest rate. Borrowing costs are recognized as an expense in the statement of comprehensive income when incurred in accordance with the effective interest rate method.

Deferred grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

Loans received from a government at a rate that appears to be below-market are considered government grants. The benefit of a below-market rate loan which is the excess of the consideration received from loan's proceeds over the initial carrying amount of the loan calculated as the net present value of the future cash flows at prevailing market interest rates is recorded as a government grant in the statement of financial position in accordance with International Accounting Standard IAS 20 - Government Grants.

Subsequently, interest will be imputed to the loan using the effective interest method. The grant is amortized in the statement of comprehensive income on a systematic basis that matches the related costs incurred (finance costs).

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Revenue and Expense Recognition –

Interest income is recognized using effective interest rate method.

Other revenues are recognized on accrual basis.

Expenses are recognized using the accrual basis of accounting.

Income Taxes -

Accrued income tax is calculated in accordance with the Income Tax Law in the Hashemite Kingdom of Jordan, and in accordance with IAS (12).

Deferred tax is provided on temporary differences at each reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, or the liability is settled. The carrying values of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Foreign Currency -

Foreign currency transactions during the year are recorded using exchange rates that are in effect at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinars using the prevailing exchange rates at year end. Foreign exchange gains or losses are reflected in the statement of comprehensive income.

Impairment of financial assets -

The Company recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if present).

The Company has established a provision calculation that is based on its historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment of non-financial assets -

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recorded reflected in the statement of comprehensive income.

Current versus non-current classification -

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when:

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve months after the reporting period Or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current assets.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non- current assets and liabilities.

Fair value measurement -

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Offsetting -
Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Contingent assets and liabilities -
Contingent liabilities are not recognized in the financial statements but are disclosed when the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefit is possible.

(2-4) USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

(3) PROPERTY AND EQUIPMENT

	Land	Furniture and fixtures	Computers	Others	Total
	JD	JD	JD	JD	JD
2021 -					
Cost -					
At 1 January	792,877	1,714	5,498	605	800,694
At 31 December	792,877	1,714	5,498	605	800,694
Accumulated depreciation -					
At 1 January	-	1,713	5,497	605	7,815
At 31 December	-	1,713	5,497	605	7,815
Net book value -					
At 31 December	792,877	1	1	-	792,879
2020-					
Cost -					
At 1 January	792,877	1,714	5,498	605	800,694
At 31 December	792,877	1,714	5,498	605	800,694
Accumulated depreciation -					
At 1 January	-	1,713	5,497	605	7,815
At 31 December	-	1,713	5,497	605	7,815
Net book value -					
At 31 December	792,877	1	1	-	792,879

(4) PROJECTS IN PROGRESS

This item represents the cost of studies and engineering designs related to the construction of a 30-room eco-lodge with the featuring therapeutic swimming pools and restaurants.

Movements on the projects in progress were as follows:

	2021	2020
	JD	JD
Beginning balance	636,356	554,379
Additions	1,597,566	81,977
	2,233,922	636,356
Provision for impairment of projects in progress	(368,475)	(368,475)
Ending balance	1,865,447	267,881

The estimated cost to complete these projects is approximately JD 5,500,000 as of 31 December 2021 (2020: JD 5,300,000). Management expects to complete the project during the year of 2023.

(5) OTHER CURRENT ASSETS

	2021	2020
	JD	JD
Advance payment to contractors	163,584	164,000
Income tax deposits	20,001	18,627
Sales tax deposits	19,893	17,029
Prepaid expenses	710	6,151
Others	1,788	2,240
	205,976	208,047

(6) CASH ON HAND AND AT BANK

	2021	2020
	JD	JD
Cash on hand	-	100
Balances at bank	205,191	69,968
Term deposits*	692,140	475,596
	897,331	545,664

* Term deposits are fixed with a local bank in Jordanian Dinars with original maturities of 1 to 3 months and earn an average interest rate of 3.25% per annum (2020: 3.7%).

(7) EQUITY

Paid-in capital –

The Company's authorized capital is JD 2,000,000 at par value of JD 1 per share and its paid-in capital is JD 1,557,772 at par value of JD 1 per share as of 31 December 2020. On 21 April 2021, the General Assembly approved to increase the Company's capital in its extraordinary meeting by JD 442,228 to reach JD 2,000,000 of authorized capital and paid-in capital at par value of JD 1 per share.

Share premium –

The amount accumulated in this account represents the difference between the proceeds of share issuances and the par value of the shares.

Statutory reserve –

The accumulated amounts in this account represent cumulative appropriations of 10% of net income before income tax. The statutory reserve is not available for distribution to the shareholders. The Company is to stop the yearly transfer when the reserve amount reaches 25% of the share capital.

Voluntary reserve –

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of annual profits before tax. This reserve is available for distribution to the shareholders.

(8) BANK LOAN

		Loans instalments					
		2021			2020		
	Currency	Short Term	Long Term	Total	Short Term	Long Term	Total
		JD	JD	JD	JD	JD	JD
Cairo Amman Bank	JOD	-	1,408,049	1,408,049	-	220,342	220,342
Less: Unearned government grants (Note 9)		-	(140,851)	(140,851)	-	-	-
		-	1,267,198	1,267,198	-	220,342	220,342

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 partly 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 is repayable in 16 equal semi-annual instalments of JD 125,000 each, commencing on 31 December 2021 at annual interest rate of 3.5%.

The loan was rescheduled where 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 1,591,951 as of 31 December 2021 (2020: JD 2,779,658).

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:

Year	JD
2023	217,078
2024	422,940
2025	408,414
2026	218,766
	1,267,198

(9) PAYABLES AND OTHER CURRENT LIABILITIES

	2021	2020
	JD	JD
Contractors accruals	229,411	-
Unearned government grants *	140,851	-
Contractors retentions	82,137	-
Trade payables	27,689	15,714
Dividends payable	4,658	4,631
Legal provisions	4,177	4,177
Due to employees	2,108	-
Accrued expenses	1,700	500
Provision for end of service indemnity **	-	3,778
Others	1,843	1,173
	494,574	29,973

* This item represents the discounted balance of loan facilities backed by the Central Bank of Jordan to reinforce tourism sector that was impacted by COVID-19 pandemic in the amount of JD 140,851. These facilities were granted with below-market interest rates. This balance will be amortized over the duration of the granted facilities.

** Movements on the end of service indemnity provision were as follows:

	2021	2020
	JD	JD
Beginning balance	3,778	3,263
Provision for the year	794	515
Paid end of service indemnity	(4,572)	-
Ending balance	-	3,778

(10) ADMINISTRATIVE EXPENSES

	2021	2020
	JD	JD
Governmental expenses	8,464	45
Salaries and wages	7,630	9,060
Subscriptions fees	2,980	2,987
Professional fees	2,510	2,549
Telephone and fax	1,535	1,482
End of service indemnity (note 9)	794	515
General assembly meeting expenses	746	1,023
Public liability insurance	662	662
Overtime	486	338
Property tax	475	294
Social security contribution	445	338
Maintenance expenses	240	505
Utilities	207	740
Employees bonuses	-	360
Others	1,036	912
	28,210	21,810

(11) INCOME TAX

No income tax was calculated for the Company for the years 2021 and 2020 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 2020. The Income Tax Department did not review the Company's accounting records for the year 2020 until the date of these 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 as part of the sampling system.

(12) BASIC AND DILUTED EARNINGS PER SHARE

	2021	2020
Loss for the year (JD)	(9,436)	(28)
Weight average number of shares (Share)	1,721,336	1,557,772
	JD / Fils	JD / Fils
Basic and diluted loss per share	(0.005)	-

Basic and diluted loss per share for the year are equal.

(13) RELATED PARTIES

Related parties represent the Parent Company, sister companies, 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.

Statement of financial position items as at 31 December:

	2021	2020
	JD	JD
Current assets-		
Bank balances -		
Cairo Amman Bank (main shareholder)	897,331	545,564
Non-current liabilities -		
Long-term loan -		
Cairo Amman Bank (main shareholder)	1,267,198	220,342
Current liabilities-		
Due to a related party-		
Zara Investment (Holding) Company – (Parent Company)	26,448	22,652

Statement of comprehensive income items for the year ended 31 December:

	2021	2020
	JD	JD
Interest income - Cairo Amman Bank (main shareholder)	17,809	19,903

(14) LITIGATIONS

The Company is a defendant in a number of lawsuits in the amount of JD 14,407 as of 31 December 2021 (2020: JD 26,338). 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 plaintiff in any lawsuits as of 31 December 2021 and 2020.

(15) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances and some other current assets. Financial liabilities consist of accounts payable, bank loan, due to a related party and some other current liabilities.

Fair value of financial instruments does not materially differ from their book value.

(16) RISK MANAGEMENT

Interest rate risk

The Company is exposed to interest rate risk on its interest bearing assets such as bank deposits and the bank loan.

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates as of 31 December, with all other variables held constant.

2021 - Currency	Increase in interest rate (Basis Points)	Effect on loss for the year JD
JD	25	1,438

2020 - Currency	Increase in interest rate (Basis Points)	Effect on profit for the year JD
JD	25	(683)

The effect of the decrease in interest rate is expected to be equal and opposite to the effect of the increase shown above.

Credit risk-

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company believes that it is not significantly exposed to credit risk as the company does not have trade receivables. Additionally, the Company maintains its bank balances and deposits with reputable financial institutions.

Liquidity risk

The Company limits its liquidity risk by ensuring the availability of shareholders funding. The table below summarizes the maturities of the Company's (undiscounted) financial liabilities as of 31 December based on contractual payment dates.

At 31 December 2021	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD	JD	JD	JD
Payables and other current liabilities	353,723	-	-	353,723
Bank loan	-	-	1,359,767	1,359,767
Due to related parties	26,448	-	-	26,448
	380,171	-	1,359,767	1,739,938

At 31 December 2020	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD	JD	JD	JD
Payables payable and other current liabilities	29,973	-	-	29,973
Bank loan	-	-	212,630	212,630
Due to related parties	22,652	-	-	22,652
	52,625	-	212,630	265,255

Currency risk-

Most of the Company's transactions are in Jordanian Dinars and US Dollars. The Jordanian Dinar exchange rate is fixed against US Dollars (US$ 1.41 for JD 1).

(17) CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains appropriate capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. The Company's authorized capital is JD 2,000,000 at par value JD 1 per share and its paid-in capital is JD 1,557,772 at par value of JD 1 per share as of 31 December 2020. On 21 April 2021, the General Assembly approved to increase the Company's capital in its extraordinary meeting by JD 442,228 to reach JD 2,000,000 of authorized capital and paid-in capital at par value of JD 1 per share.

Capital comprises paid-in capital, share premium, statutory reserve, voluntary reserve and accumulated losses, and is measured at JD 1,973,413 as of 31 December 2021 compared to JD 1,541,504 as of 31 December 2020.

(18) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective:

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.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, 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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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

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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on 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 recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments 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.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The company will apply the amendments 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.

The amendments are not expected to have a material impact on 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 Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

(19) 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 financial statements, where the Company has completed the preliminary procedures of the construction such as designs and cleaning of the site and facilities. 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 project during the year 2023.

Management is in the process of preparing an updated detailed study to determine the impact of the Coronavirus on the Company's financial performance regularly to take the 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 terms.