



Zara Investment Holding
شركة زارة للاستثمار القابضة

Wednesday 9 August 2023
Ref: HH/MM/976/2023

Messrs. Jordan Securities Commission (JSC)

Greetings and respect,

Subject: Interim Condensed Consolidated Financial Statements

Pursuant to the provisions of Article no. (43/a-2) of the prevailing Securities Law, enclosed are the interim condensed consolidated financial statements for the first half of 2023. Below is a brief of the performance of the Company:

The Company reported JD 10.3 million of net operating revenues, compared with JD 4.1 million (period on period), up by 149%. The Company reported net profit of JD 4.5 million compared with 1.6 million net loss, an improvement of 385% due to canceling the restrictions imposed on travel arrangements locally and globally and allowing the holding of public and private events, conferences and gatherings.

Zara Investment (Holding) Company

شركة زارة للاستثمار
القابضة م.ع.





Zara Investment Holding
شركة زارة للاستثمار القابضة

Wednesday 9 August 2023

Ref: HH/MM/977/2023

Messrs. Amman Stock Exchange

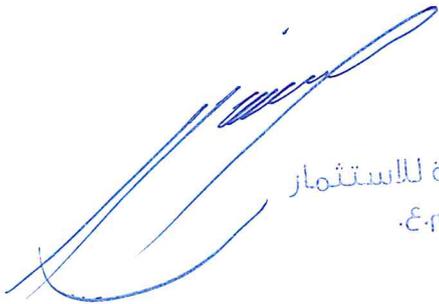
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Wednesday 9 August 2023

Ref: HH/MM/978/2023

Messrs. Securitas Depository Center

Greetings and respect,

Subject: Interim Condensed Consolidated Financial Statements

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Zara Investment (Holding) Company

شركة زارة للاستثمار
القابضة م.ع.



ZARA INVESTMENT (HOLDING) COMPANY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 JUNE 2023



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**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 2023, comprising of the interim condensed consolidated statement of financial position as at 30 June 2023 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
26 July 2023

ERNST & YOUNG
Amman - Jordan

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	30 June 2023 JD (Unaudited)	31 December 2022 JD (Audited)
<u>ASSETS</u>			
Non-current assets -			
Property and equipment	3	148,586,065	150,777,574
Investment properties		2,515,560	2,585,348
Right-of-use assets	4	5,767,804	5,973,064
Projects in progress	5	5,058,218	4,371,496
Financial assets at fair value through other comprehensive income		3,477,782	3,313,903
Advance payments for land purchases		111,200	111,200
Deferred tax assets	10	3,957,192	4,145,777
Advance payments to suppliers and contractors		749,514	780,113
Other non-current assets	6	-	1,333,375
		<u>170,223,335</u>	<u>173,391,850</u>
Current assets -			
Inventories		2,038,584	1,894,622
Accounts receivable		5,148,395	3,389,094
Other current assets	6	4,107,917	1,480,688
Cash on hand and at banks	7	31,714,015	25,985,774
		<u>43,008,911</u>	<u>32,750,178</u>
TOTAL ASSETS		<u>213,232,246</u>	<u>206,142,028</u>
<u>EQUITY AND LIABILITIES</u>			
Equity			
Attributable to the equity owners of the Company -			
Paid-in capital	1	150,000,000	150,000,000
Statutory reserve	8	6,638,512	6,638,512
Voluntary reserve	8	689,496	689,496
Cumulative change in fair value		(1,100,065)	(1,255,341)
Accumulated losses		(7,747,891)	(12,173,704)
		<u>148,480,052</u>	<u>143,898,963</u>
Non-controlling interests		18,401,606	18,309,667
Total equity		<u>166,881,658</u>	<u>162,208,630</u>
Liabilities -			
Non-current liabilities -			
Long-term loans	9	14,147,283	14,192,644
Long-term lease obligations	4	4,345,836	4,713,129
Deferred tax liabilities	10	252,958	237,056
Other non-current liabilities	11	7,784,861	8,861,420
		<u>26,530,938</u>	<u>28,004,249</u>
Current liabilities -			
Current portion of long-term loans	9	2,152,846	1,095,057
Short-term lease obligations	4	1,448,232	1,295,085
Accounts payable		7,173,079	6,218,153
Other current liabilities	11	8,446,861	6,913,773
Other provisions		224,050	338,428
Provision for income tax	10	374,582	68,653
		<u>19,819,650</u>	<u>15,929,149</u>
Total liabilities		<u>46,350,588</u>	<u>43,933,398</u>
TOTAL EQUITY AND LIABILITIES		<u>213,232,246</u>	<u>206,142,028</u>

The accompanying notes from 1 to 16 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 MONTHS AND SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2023	2022	2023	2022
		JD	JD	JD	JD
Operating revenues		22,805,936	17,358,105	38,238,212	26,217,081
Operating expenses		(15,196,100)	(12,791,701)	(27,927,948)	(22,075,127)
Net operating revenues	12	7,609,836	4,566,404	10,310,264	4,141,954
Interest income		192,536	26,050	348,158	53,163
Other income		242,387	290,045	483,718	453,584
Finance costs		(238,828)	(264,727)	(477,824)	(509,267)
Depreciation of property plant and equipment and investment properties		(1,976,578)	(1,959,179)	(3,966,112)	(3,923,081)
Depreciation of right-of-use assets	4	(102,630)	(102,630)	(205,260)	(205,260)
Administrative expenses		(728,810)	(844,115)	(1,441,226)	(1,538,596)
Other provisions		(162)	(1,455)	(162)	(2,831)
Profit (loss) for the period before income tax		4,997,751	1,710,393	5,051,556	(1,530,334)
Income tax expense, net	10	(552,999)	(485,544)	(533,804)	(54,386)
Profit (loss) for the period		4,444,752	1,224,849	4,517,752	(1,584,720)
Attributable to:					
Equity holders of the Company		4,170,927	1,223,517	4,362,944	(1,253,441)
Non-controlling interests		273,825	1,332	154,808	(331,279)
		4,444,752	1,224,849	4,517,752	(1,584,720)
		JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted profit (loss) per share attributable to the equity holders of the Company	13	0/028	0/008	0/029	(0/008)

The accompanying notes from 1 to 16 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 MONTHS AND SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
	JD	JD	JD	JD
Profit (loss) for the period	4,444,752	1,224,849	4,517,752	(1,584,720)
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	172,526	(528,889)	155,276	(649,659)
Total comprehensive income for the period	4,617,278	695,960	4,673,028	(2,234,379)
Attributable to:				
Equity holders of the Company	4,343,453	694,628	4,518,220	(1,903,100)
Non-controlling interests	273,825	1,332	154,808	(331,279)
	4,617,278	695,960	4,673,028	(2,234,379)

The accompanying notes from 1 to 16 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 2023 (UNAUDITED)

	Attributable to the equity holders of the Company							Total equity
	Paid-in capital	Reserves		Cumulative change in fair value	Accumulated losses	Total	Non-controlling interests	
		Statutory	Voluntary					
	JD	JD	JD	JD	JD	JD	JD	
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>
30 June 2022-								
Balance at 1 January	150,000,000	5,998,858	689,496	(264,978)	(15,163,139)	141,260,237	18,373,398	159,633,635
Total comprehensive income for the period	-	-	-	(649,659)	(1,253,441)	(1,903,100)	(331,279)	(2,234,379)
Change in non-controlling interests due to change in the share capital of a subsidiary	-	-	-	-	(988)	(988)	988	-
Balance at 30 June	<u>150,000,000</u>	<u>5,998,858</u>	<u>689,496</u>	<u>(914,637)</u>	<u>(16,417,568)</u>	<u>139,356,149</u>	<u>18,043,107</u>	<u>157,399,256</u>

The accompanying notes from 1 to 16 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 2023 (UNAUDITED)

	Notes	For the six months ended 30 June	
		2023	2022
		JD	JD
<u>Operating Activities</u>			
Profit (loss) for the period before income tax		5,051,556	(1,530,334)
Adjustments:			
Interest income		(348,158)	(53,163)
Gain on sale of property and equipment		-	(41,865)
Finance costs		477,824	509,267
Depreciation of property and equipment and investment properties		3,966,112	3,923,081
Depreciation of right-of-use assets		205,260	205,260
Deferred grant income		(100,000)	(100,000)
Other provisions		162	2,831
Changes in working capital:			
Inventories		(143,962)	(330,175)
Accounts receivable		(1,759,301)	(561,465)
Other current assets		(1,293,854)	(846,623)
Accounts payable		954,926	1,099,251
Other current liabilities		(1,192)	1,566,279
Other provisions paid		(142,200)	(118,377)
Income tax paid	10	(29,839)	(26,186)
Net cash flows from operating activities		6,837,334	3,697,781
<u>Investing activities</u>			
Purchase of property and equipment	3	(1,571,815)	(688,838)
Investment properties		(390)	-
Proceeds from sale of property and equipment		-	46,331
Projects in progress	5	(686,722)	(1,474,052)
Advance payments to suppliers and contractors		30,599	(458,113)
Contractors' accruals and retentions		(606,552)	11,083
Interest income received		348,158	53,163
Net cash flows used in investing activities		(2,486,722)	(2,510,426)
<u>Financing Activities</u>			
Proceeds from loans		1,299,280	1,300,775
Loans repayment		(133,333)	-
Other current liabilities		750,795	905,293
Finance costs paid		(203,672)	(212,999)
Payment of lease obligations	4	(335,441)	(385,782)
Net cash flows from financing activities		1,377,629	1,607,287
Net increase in cash and cash equivalents		5,728,241	2,794,642
Cash and cash equivalents at the beginning of the period		25,985,774	9,874,252
Cash and cash equivalents at the end of the period	7	31,714,015	12,668,894

The accompanying notes from 1 to 16 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 150,000,000 consisting of 150,000,000 shares of JD 1 par value each.

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 25 July 2023.

(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 2023 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 2022. In addition, the results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

(2-2) BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the financial statements of the Company subsidiaries (note 14) as at 30 June 2023.

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 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 shown below:

IFRS 17 Insurance Contracts

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

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

IFRS 17 has been applied retrospectively on 1 January 2023. 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 Group.

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 from 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

These amendments had no material impact on the Group.

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

These amendments had no material impact on the Group.

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

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

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

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

These amendments had no material impact on the Group.

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023 (UNAUDITED)

(3) PROPERTY AND EQUIPMENT

Additions to property and equipment amounted to JD 1,571,815 during the six months ended 30 June 2023 (30 June 2022: JD 688,838).

(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 2023 and 31 December 2022:

	Right-of-use assets			Lease obligations*
	Land	Photovoltaic stations	Total	
	JD	JD	JD	
For the period ended 30 June 2023 (Unaudited)				
At 1 January	824,272	5,148,792	5,973,064	6,008,214
Depreciation	(59,307)	(145,953)	(205,260)	-
Finance costs	-	-	-	264,152
Payments	-	-	-	(335,441)
Transferred to accounts payable	-	-	-	(142,857)
At 30 June	<u>764,965</u>	<u>5,002,839</u>	<u>5,767,804</u>	<u>5,794,068</u>
	Right-of-use-assets			Lease Obligation*
	Land	Photovoltaic stations	Total	
	JD	JD	JD	
For the year ended 31 December 2022 (Audited)				
At 1 January	942,886	5,440,695	6,383,581	6,500,320
Depreciation	(118,614)	(291,903)	(410,517)	-
Finance costs	-	-	-	555,020
Payments	-	-	-	(861,522)
Transferred to accounts payable	-	-	-	(185,604)
At 31 December	<u>824,272</u>	<u>5,148,792</u>	<u>5,973,064</u>	<u>6,008,214</u>

* Lease obligation details as at 30 June 2023 and 31 December 2022 are as follows:

30 June 2023 (Unaudited)			31 December 2022 (Audited)		
Short-term	Long-term	Total	Short-term	Long-term	Total
JD	JD	JD	JD	JD	JD
<u>1,448,232</u>	<u>4,345,836</u>	<u>5,794,068</u>	<u>1,295,085</u>	<u>4,713,129</u>	<u>6,008,214</u>

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023 (UNAUDITED)

(5) PROJECTS IN PROGRESS

Additions to projects in progress amounted to JD 686,722 during the six months ended 30 June 2023 (30 June 2022: JD 1,474,052).

Projects which were completed and transferred to property and equipment amounted to zero during the six months ended 30 June 2023 (30 June 2022: JD 362,828).

The estimated cost to complete the projects in progress is JD 13,500,000 as at 30 June 2023. Management expects to complete these projects during the upcoming two years.

(6) OTHER CURRENT ASSETS

	30 June 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Aqaba Special Economic Zone Authority *	1,333,375	1,333,375
Refundable deposits	697,182	691,182
Prepaid expenses	1,411,277	310,285
Others	666,083	479,221
	<u>4,107,917</u>	<u>2,814,063</u>
Non-Current Portion	-	1,333,375
Current Portion	<u>4,107,917</u>	<u>1,480,688</u>
	<u>4,107,917</u>	<u>2,814,063</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 2022, the two subsidiaries agreed with ASEZA to postpone last instalment due on 1 June 2022 for two years in light of repercussions of COVID-19. On 20 November 2022, 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.

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(7) CASH ON HAND AND AT BANKS

	30 June 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Cash on hand	127,623	83,714
Current accounts at banks	13,250,305	12,820,249
Term deposits *	18,336,087	13,081,811
	<u>31,714,015</u>	<u>25,985,774</u>

* Term deposits are fixed for one to three months and earn annual interest rate ranging from 4% to 6% per annum (2022: 4% to 5% per annum).

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

	For the six months ended 30 June	
	2023	2022
	JD	JD
Cash on hand and at banks	31,714,015	17,487,889
Less: Due to banks	-	(4,818,995)
	<u>31,714,015</u>	<u>12,668,894</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.

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(9) LOANS

This item represents loans granted from the following parties:

	Currency	Unutilized balance	Interest rate	Loan instalments			
				30 June 2023		31 December 2022	
				Short term	Long term	Short term	Long term
				JD	JD	JD	JD
Bank al Etihad – Jordan Hotels and Tourism Co.	JD	970,293	3,5%	266,666	629,708	266,666	522,194
Cairo Amman Bank – Jordan Hotels and Tourism Co.	JD	-	3%	55,554	1,944,446	-	2,000,000
Cairo Amman Bank – Jordan Himmeh Mineral Co.	JD	1,041,664	3%	615,384	2,342,952	230,769	2,422,719
Cairo Amman Bank – Nabatean Hotels Co. 1	JD	897,550	3,25%	461,541	640,909	307,694	794,756
Cairo Amman Bank – Nabatean Hotels Co. 2	JD	-	3%	55,554	1,944,446	-	2,000,000
Cairo Amman Bank – Amman Tourism Investment Co. 1	JD	-	3,5%	461,541	1,538,459	307,694	1,692,306
Cairo Amman Bank – Amman Tourism Investment Co. 2	JD	-	3%	55,554	1,944,446	-	2,000,000
Cairo Amman Bank – National Hotels and Tourism Co. 1	JD	1,265,366	3%	142,857	591,777	-	230,151
Cairo Amman Bank – National Hotels and Tourism Co. 2	JD	-	3%	55,554	1,944,446	-	2,000,000
Cairo Amman Bank – Red Sea Hotels Co. 1	JD	1,956,992	3,5%	43,008	-	43,008	-
Cairo Amman Bank – Red Sea Hotels Co. 2	JD	-	3%	47,222	1,652,778	-	1,450,898
Cairo Amman Bank – Zara South Coast Development Co.	JD	-	3%	47,222	1,652,728	-	1,699,952
				2,307,657	16,827,095	1,155,831	16,812,976
Less: Unearned governmental grants (note 11)				(154,811)	(2,679,812)	(60,774)	(2,620,332)
				<u>2,152,846</u>	<u>14,147,283</u>	<u>1,095,057</u>	<u>14,192,644</u>

The loans granted to Amman Tourism and Investment Company (a Subsidiary) and Jordan Himmeh Mineral Company (a Subsidiary) were guaranteed by Zara Investment (Holding) Company (the Parent Company).

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

Period	Amount
	JD
1 July 2023 – 30 June 2024	2,307,657
1 July 2024 – 30 June 2025	3,683,112
1 July 2025 – 30 June 2026	3,683,112
1 July 2026 – 30 June 2027	2,965,284
1 July 2027 and thereafter	<u>6,495,587</u>
	<u>19,134,752</u>

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(10) INCOME TAX

The income tax provision represents income tax due on the results of operations of some of the Company's subsidiaries in accordance with the Income Tax Law No. (34) of 2014 and its amendments, the Investment Commission Law No. (30) of 2014, and the Aqaba Special Economic Zone Authority Law No. (32) of 2000 and its amendments.

Income tax, net-

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

	<u>For the six months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
	JD	JD
Income tax for the period	330,245	-
Prior years' income tax	7,675	23,217
Deferred income tax, net	195,884	31,169
	<u>533,804</u>	<u>54,386</u>

Provision for income tax -

Movements on the provision for income tax were as follows:

	<u>30 June</u>	<u>31 December</u>
	<u>2023</u>	<u>2022</u>
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period / year	68,653	83,812
Income tax for the period / year	330,245	18,439
Prior years' income tax	7,675	55,292
Reversal of provision	(2,152)	-
Income tax paid during the period / year	<u>(29,839)</u>	<u>(88,890)</u>
Ending balance for the period / year	<u>374,582</u>	<u>68,653</u>

Management believes that the recorded provision for income tax is sufficient to meet the tax obligations as of 30 June 2023.

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.

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Year of last clearance (or sampling system acceptance) until the year:

Company	Income and Sales Tax Department	Aqaba Special Economic Zone Authority
Jordan Hotels and Tourism PSC	2018	-
Jordan Himmeh Mineral PSC	2020	-
Nabatean Hotels LLC	2018	-
Amman Tourism Investment LLC	2019	-
Rum Hotels and Tourism LLC	2020	-
Oasis Hotels LLC	2020	-
National Hotels and Tourism LLC	2020	-
Jordan Hotel Supplies Trading LLC	2019	2019
Red Sea Hotels LLC	-	2019
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	2020	-

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 were as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period / year	4,145,777	5,048,749
Tax effect of accumulated tax losses carried forward	161,696	232,559
Tax effect of accumulated tax losses released	(350,281)	(1,135,531)
Ending balance for the period / year	<u>3,957,192</u>	<u>4,145,777</u>

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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 were as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period / year	237,056	308,973
Change in fair value of financial assets	8,603	(15,775)
Depreciation differences related to machinery and equipment and computer hardware and software, net	7,299	(56,142)
Ending balance for the period / year	<u>252,958</u>	<u>237,056</u>

(11) OTHER CURRENT LIABILITIES

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Social Security Corporation deposits	5,365,116	5,511,915
Unearned governmental grants	3,741,215	3,601,438
Accrued expenses	3,253,931	2,644,044
Guest deposits	1,511,536	1,382,260
Deferred grant income	1,099,984	1,199,984
Cooling units	265,549	201,089
Sales tax deposits	72,882	37,192
Contractors' accruals and retentions	47,371	653,923
Others	874,138	543,348
	<u>16,231,722</u>	<u>15,775,193</u>
Non-current portion	7,784,861	8,861,420
Current portion	<u>8,446,861</u>	<u>6,913,773</u>
	<u>16,231,722</u>	<u>15,775,193</u>

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(12) SEGMENT INFORMATION

This item represents the following:

	Hotels' segment *	Other segments	Eliminations	Total
For the six months ended 30 June 2023 (Unaudited) -	JD	JD	JD	JD
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 revenue consist of the following:

	Grand					Nabatean		
	Hotel InterContinental Jordan	Hyatt Amman Hotel	Dead Sea Movenpick Resort	Petra Movenpick Resort	Aqaba Movenpick Resort	Castle Movenpick Hotel	Tala Bay Movenpick Resort	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Operating revenues -								
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 -								
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	<u>1,494,371</u>	<u>626,663</u>	<u>2,411,471</u>	<u>3,398,978</u>	<u>768,267</u>	<u>451,592</u>	<u>732,883</u>	<u>9,884,225</u>

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	Hotels' segment *	Other segments	Eliminations	Total
For the six months ended 30 June 2022 (Unaudited) -	JD	JD	JD	JD
Operating revenues	25,745,978	846,997	(375,894)	26,217,081
Operating expenses	<u>(21,860,816)</u>	<u>(590,205)</u>	<u>375,894</u>	<u>(22,075,127)</u>
Net operating revenues	<u><u>3,885,162</u></u>	<u><u>256,792</u></u>	<u><u>-</u></u>	<u><u>4,141,954</u></u>

Other information –

Interest income	51,383	1,780	-	53,163
Finance costs	396,000	113,267	-	509,267
Depreciation	4,113,197	15,144	-	4,128,341

* Hotels' net operating revenue consist of the following:

	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							
Operating revenues -								
Rooms revenue	2,858,737	2,163,767	2,751,090	2,683,939	1,787,778	98,012	2,217,190	14,560,513
Food and beverage revenue	2,603,357	1,719,661	1,961,630	1,295,019	890,427	41,824	1,151,235	9,663,153
Other departments revenue	<u>305,933</u>	<u>367,789</u>	<u>585,515</u>	<u>63,502</u>	<u>54,468</u>	<u>445</u>	<u>144,660</u>	<u>1,522,312</u>
	<u><u>5,768,027</u></u>	<u><u>4,251,217</u></u>	<u><u>5,298,235</u></u>	<u><u>4,042,460</u></u>	<u><u>2,732,673</u></u>	<u><u>140,281</u></u>	<u><u>3,513,085</u></u>	<u><u>25,745,978</u></u>
Operating expenses -								
Rooms expenses	647,730	503,223	538,892	330,019	384,303	52,557	383,535	2,840,259
Food and beverage expenses	1,902,655	1,260,936	1,206,094	762,696	701,527	76,078	770,727	6,680,713
Other departments expenses	261,373	89,805	356,574	24,424	98,517	14	171,766	1,002,473
Administrative and marketing expenses	2,314,852	2,061,404	2,045,745	1,161,879	1,453,791	204,686	1,632,176	10,874,533
Other expenses	<u>45,234</u>	<u>64,613</u>	<u>64,772</u>	<u>51,765</u>	<u>96,015</u>	<u>7,714</u>	<u>132,725</u>	<u>462,838</u>
	<u><u>5,171,844</u></u>	<u><u>3,979,981</u></u>	<u><u>4,212,077</u></u>	<u><u>2,330,783</u></u>	<u><u>2,734,153</u></u>	<u><u>341,049</u></u>	<u><u>3,090,929</u></u>	<u><u>21,860,816</u></u>
Net operating revenues	<u><u>596,183</u></u>	<u><u>271,236</u></u>	<u><u>1,086,158</u></u>	<u><u>1,711,677</u></u>	<u><u>(1,480)</u></u>	<u><u>(200,768)</u></u>	<u><u>422,156</u></u>	<u><u>3,885,162</u></u>

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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 2023 (Unaudited)				
Segment assets	219,445,695	57,291,044	(63,504,493)	213,232,246
Segment liabilities	84,620,174	25,234,907	(63,504,493)	46,350,588
As at 31 December 2022 (Audited)				
Segment assets	212,614,152	57,848,168	(64,320,292)	206,142,028
Segment liabilities	82,936,468	25,317,222	(64,320,292)	43,933,398

(13) BASIC AND DILUTED PROFIT (LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

	<u>For the three months</u> <u>ended 30 June</u>		<u>For the six months</u> <u>ended 30 June</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Profit (loss) attributable to equity holders of the Company (JD)	4,170,927	1,223,517	4,362,944	(1,253,441)
Weighted average number of shares (Share)	150,000,000	150,000,000	150,000,000	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>0/028</u>	<u>0/008</u>	<u>0/029</u>	<u>(0/008)</u>

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

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(14) 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
	2023	2022		2023	2022
	JD	JD		%	%
Jordan Hotels and Tourism PSC	10,000,000	10,000,000	Hotel InterContinental Jordan	51.6	51.6
Jordan Himmeh Mineral PSC	2,000,000	2,000,000	Himmeh Resort	77.8	77.8
			Nabatean Castle Hotel and Petra		100
Nabatean Hotels LLC	3,300,00	3,300,00	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	10,050,000	10,050,000	Tourism Project - Aqaba	82	82
South Coast Hotels LLC	4,800,000	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:

	Nature of the relationship	30 June 2023	31 December 2022
		JD (Unaudited)	JD (Audited)
Assets-			
Advance payments for land purchases	(Registered in the name of the chairman of Board of Directors)	111,200	111,200
Cash at banks - Arab Bank, Bank al Etihad, and Cairo Amman Bank	(Shareholders)	31,575,924	25,892,336
Accounts receivable - Amounts due from Cairo Amman Bank	(Shareholder)	9,228	16,765
Liabilities -			
Long-term loans - Cairo Amman Bank and Bank al Etihad	(Shareholders)	19,134,752	17,968,807

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	
		2023	2022
		JD	JD
Finance costs – Arab Bank, Bank al Etihad and Cairo Amman Bank	(Shareholders)	203,673	212,999
Interest income – Cairo Amman Bank	(Shareholder)	348,158	53,163
Rent expense – Astra Investment Company	(Owned by Chairman of the Group)	74,184	74,484
Rent income – Cairo Amman Bank	(Shareholder)	39,000	57,040

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

	For the six months ended 30 June	
	2023	2022
	JD	JD
Salaries, compensation and other benefits of key management personnel of the Group	<u>108,330</u>	<u>97,350</u>

(15) CONTINGENT LIABILITIES

The Group has outstanding bank guarantees in the amount of JD 159,041 as at 30 June 2023 (31 December 2022: JD 149,096).

(16) LITIGATIONS

In the normal course of business, the Group appears as a defendant in a number of lawsuits in the amount of JD 217,938 as of 30 June 2023 (31 December 2022: 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 760,039 as of 30 June 2023 (31 December 2022: JD 807,835).