



Zara Investment Holding
شركة زارة للاستثمار القابضة

Sunday 14 August 2022

Ref: HH/AA/802/2022

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 2022. Below is a brief of the performance of the Company:

The Company reported JD 4.1 million of net operating revenues, compared with JD 2.3 million net operating loss (period on period), up by 282%. The company incurred net loss of JD 1.6 million compared with 6.5 million, an improvement of 75% 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



Zara Investment Holding
شركة زارة للاستثمار القابضة

Sunday 14 August 2022

Ref: HH/AA/804/2022

Messrs. Amman Stock Exchange

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 2022. Below is a brief of the performance of the Company:

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Zara Investment (Holding) Company



Zara Investment Holding
شركة زارة للاستثمار القابضة

Sunday 14 August 2022

Ref: HH/AA/806/2022

Messrs. Securitas Depository Center

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 2022. Below is a brief of the performance of the Company:

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Zara Investment (Holding) Company

ZARA INVESTMENT (HOLDING) COMPANY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 JUNE 2022



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**REPORT ON REVIEW OF 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 2022, comprising of the interim condensed consolidated statement of financial position as at 30 June 2022 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.

Emphasis of Matter

We draw attention to note (18) to the interim condensed consolidated financial statements, which describes the effect of COVID-19 pandemic on the Groups’ performance and operating environment. Our conclusion is not modified in respect of this matter.

Amman – Jordan
27 July 2022

ERNST & YOUNG
Amman - Jordan

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	30 June 2022 JD (Unaudited)	31 December 2021 JD (Audited)
<u>ASSETS</u>			
Non-current assets -			
Property and equipment	3	152,252,808	155,057,026
Investment properties		2,655,767	2,727,428
Right-of-use assets	4	6,178,321	6,383,581
Projects in progress	5	3,596,364	2,485,140
Financial assets at fair value through other comprehensive income		3,658,131	4,320,041
Advance payments for land purchases		111,200	111,200
Deferred tax assets	10	4,986,391	5,048,749
Advance payments to suppliers and contractors		979,988	521,875
		<u>174,418,970</u>	<u>176,655,040</u>
Current assets -			
Inventories		1,778,746	1,448,571
Accounts receivable		2,637,176	2,075,711
Other current assets	6	3,727,091	2,880,468
Cash on hand and at banks	7	17,487,889	15,268,533
		<u>25,630,902</u>	<u>21,673,283</u>
TOTAL ASSETS		<u>200,049,872</u>	<u>198,328,323</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	5,998,858	5,998,858
Voluntary reserve	8	689,496	689,496
Cumulative change in fair value		(914,637)	(264,978)
Accumulated losses		<u>(16,417,568)</u>	<u>(15,163,139)</u>
		139,356,149	141,260,237
Non-controlling interests		<u>18,043,107</u>	<u>18,373,398</u>
TOTAL EQUITY		<u>157,399,256</u>	<u>159,633,635</u>
Liabilities-			
Non-current liabilities -			
Long-term loans	9	9,367,567	7,601,864
Long-term lease obligations	4	5,080,274	5,284,883
Deferred tax liabilities	10	265,534	308,973
Other non-current liabilities	11	8,616,317	7,711,024
		<u>23,329,692</u>	<u>20,906,744</u>
Current liabilities -			
Current portion of long-term loans	9	461,848	926,776
Short-term lease obligations	4	1,228,973	1,215,437
Due to a bank		4,818,995	5,394,281
Accounts payable		6,342,348	5,243,097
Other current liabilities	11	5,736,348	4,157,426
Other provisions		651,569	767,115
Provision for income tax	10	80,843	83,812
		<u>19,320,924</u>	<u>17,787,944</u>
TOTAL LIABILITIES		<u>42,650,616</u>	<u>38,694,688</u>
TOTAL EQUITY AND LIABILITIES		<u>200,049,872</u>	<u>198,328,323</u>

The accompanying notes from 1 to 18 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 2022 (UNAUDITED)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2022	2021	2022	2021
		JD	JD	JD	JD
Operating revenues		17,358,105	6,615,209	26,217,081	9,528,891
Operating expenses		(12,791,701)	(6,635,256)	(22,075,127)	(11,805,771)
Net operating revenues	12	4,566,404	(20,047)	4,141,954	(2,276,880)
Interest income		26,050	26,605	53,163	57,751
Other income		290,045	186,890	453,584	337,795
Finance costs		(264,727)	(196,429)	(509,267)	(331,017)
Depreciation of property plant and equipment and investment properties		(1,959,179)	(2,043,706)	(3,923,081)	(3,865,412)
Depreciation of right-of-use assets	4	(102,630)	(87,735)	(205,260)	(145,684)
Administrative expenses		(844,115)	(598,423)	(1,538,596)	(1,234,783)
Other provisions		(1,455)	(23,989)	(2,831)	(57,900)
Profit (loss) for the period before income tax		1,710,393	(2,756,834)	(1,530,334)	(7,516,130)
Income tax (expense) benefit, net	10	(485,544)	426,539	(54,386)	1,052,931
Profit (loss) for the period		1,224,849	(2,330,295)	(1,584,720)	(6,463,199)
Attributable to:					
Equity holders of the Company		1,223,517	(2,084,062)	(1,253,441)	(5,706,856)
Non-controlling interests		1,332	(246,233)	(331,279)	(756,343)
		1,224,849	(2,330,295)	(1,584,720)	(6,463,199)
		JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted profit (loss) per share attributable to the equity holders of the Company	13	0/008	(0/014)	(0/008)	(0/038)

The accompanying notes from 1 to 18 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 2022 (UNAUDITED)

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	JD	JD	JD	JD
Profit (loss) for the period	1,224,849	(2,330,295)	(1,584,720)	(6,463,199)
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	(528,889)	55,208	(649,659)	(24,155)
Total comprehensive income for the period	695,960	(2,275,087)	(2,234,379)	(6,487,354)
Attributable to:				
Equity holders of the Company	694,628	(2,028,854)	(1,903,100)	(5,731,011)
Non-controlling interests	1,332	(246,233)	(331,279)	(756,343)
	695,960	(2,275,087)	(2,234,379)	(6,487,354)

The accompanying notes from 1 to 18 form part of these interim condensed consolidated financial statements

FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

2022-

The accompanying notes from 1 to 18 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 2022 (UNAUDITED)

	Notes	For the six months ended 30 June	
		2022	2021
		JD	JD
<u>Operating Activities</u>			
Loss for the period before income tax		(1,530,334)	(7,516,130)
Adjustments:			
Interest income		(53,163)	(57,751)
Gain on sale of property and equipment, net	3	(41,865)	(13,149)
Finance costs		509,267	331,017
Depreciation of property and equipment and investment properties		3,923,081	3,865,412
Depreciation of right-of-use assets		205,260	145,684
Deferred grant income		(100,000)	(100,000)
Recovered from provision for expected credit losses, net		-	(37,276)
Other provisions		2,831	57,900
Changes in working capital:			
Inventories		(330,175)	(19,187)
Accounts receivable		(561,465)	(414,698)
Other current assets		(846,623)	(857,350)
Accounts payable		1,099,251	709,294
Other current liabilities		1,566,279	771,153
Other provisions paid		(118,377)	(25,652)
Income tax paid	10	(26,186)	(4,150)
Net cash flows from (used in) operating activities		3,697,781	(3,164,883)
<u>Investing activities</u>			
Purchase of property and equipment	3	(688,838)	(726,046)
Proceeds from sale of property and equipment		46,331	15,982
Projects in progress	5	(1,474,052)	(954,623)
Advance payments to suppliers and contractors		(458,113)	(104,959)
Contractors' accruals and retentions		11,083	(172,924)
Interest income received		53,163	57,751
Net cash flows used in investing activities		(2,510,426)	(1,884,819)
<u>Financing Activities</u>			
Proceeds from loans		1,300,775	3,453,432
Other non-current liabilities		905,293	2,106,892
Finance costs paid		(212,999)	(122,853)
Payment of lease obligations	4	(385,782)	(213,386)
Net cash flows from financing activities		1,607,287	5,224,085
Net increase in cash and cash equivalents		2,794,642	174,383
Cash and cash equivalents at the beginning of the period		9,874,252	4,395,291
Cash and cash equivalents at the end of the period	7	12,668,894	4,569,674

The accompanying notes from 1 to 18 form part of these interim condensed consolidated financial statements

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2022 (UNAUDITED)

(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 2022.

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

(2-2) BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the financial statement of the Company subsidiaries (note 14) as at 30 June 2022.

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

Reference to the Conceptual Framework – Amendments to IFRS 3

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

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

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

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

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

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

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

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

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

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

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

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

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

This amendment is not applicable to the Group.

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

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

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

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

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

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2022 (UNAUDITED)

(3) PROPERTY AND EQUIPMENT

Additions to property and equipment amounted to JD 688,838 during the six months ended 30 June 2022 (2021: JD 726,046). The Group disposed of property and equipment during the six months ended 30 June 2022 with a net book value of JD 4,466 (2021: JD 2,833). The Group recognized gain on disposal from property and equipment in the amount of JD 41,865 during the six months ended 30 June 2022 (30 June 2021: JD 13,149).

(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 2022:

	Right-of-use assets			Lease obligations*
	Land	Photovoltaic stations	Total	
	JD	JD	JD	
At 1 January 2022	942,886	5,440,695	6,383,581	6,500,320
Depreciation	(59,308)	(145,952)	(205,260)	-
Finance costs	-	-	-	279,517
Payments	-	-	-	(385,782)
Transferred to accounts payable	-	-	-	(84,808)
At 30 June 2022 (Unaudited)	<u>883,578</u>	<u>5,294,743</u>	<u>6,178,321</u>	<u>6,309,247</u>

	Right-of-use-assets			Lease Obligations*
	Land	Photovoltaic stations	Total	
	JD	JD	JD	
At 1 January 2021	1,061,500	2,098,522	3,160,022	3,341,045
Additions	-	3,574,503	3,574,503	3,574,503
Depreciation	(118,614)	(232,330)	(350,944)	-
Finance costs	-	-	-	488,439
Payments	-	-	-	(777,654)
Transferred to accounts payable	-	-	-	(126,013)
At 31 December 2021 (Audited)	<u>942,886</u>	<u>5,440,695</u>	<u>6,383,581</u>	<u>6,500,320</u>

* Lease obligation details as at 30 June 2022 and 31 December 2021 are as follows:

2022 (Unaudited)			2021 (Audited)		
Short-term	Long-term	Total	Short-term	Long-term	Total
JD	JD	JD	JD	JD	JD
<u>1,228,973</u>	<u>5,080,274</u>	<u>6,309,247</u>	<u>1,215,437</u>	<u>5,284,883</u>	<u>6,500,320</u>

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2022 (UNAUDITED)

(5) PROJECTS IN PROGRESS

Additions to projects in progress amounted to JD 1,474,052 during the six months ended 30 June 2022 (2021: JD 954,623).

Projects which were completed and transferred to property and equipment amounted to JD 362,828 during the six months ended 30 June 2022 (2021: JD 4,937,261).

The estimated cost to complete the projects in progress is JD 5,300,000 as at 30 June 2022. Management expects to complete these projects during the upcoming two years.

(6) OTHER CURRENT ASSETS

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Aqaba Special Economic Zone Authority *	1,333,375	1,333,375
Refundable deposits	691,182	691,182
Prepaid expenses	1,360,127	371,051
Others	342,407	484,860
	<u>2,727,091</u>	<u>2,880,468</u>

- * During the year 2015, the company's 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 2020. During 2020, the two subsidiaries agreed with ASEZA to postpone the last instalment due on 1 June 2020 for two years in light of the repercussions of COVID-19.

(7) CASH ON HAND AND AT BANKS

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	79,310	65,329
Current accounts at banks	12,972,823	11,075,122
Term deposits *	4,435,756	4,128,082
	<u>17,487,889</u>	<u>15,268,533</u>

- * Term deposits are fixed for 1 to 3 months and earn annual interest rate ranging from 0.1% to 3% per annum (2021: 0.1% to 3% per annum).

ZARA INVESTMENT (HOLDING) COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2022 (UNAUDITED)

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	
	2022	2021
	JD	JD
Cash on hand and at banks	17,487,889	10,290,947
Less: Due to a bank	(4,818,995)	(5,721,273)
	<u>12,668,894</u>	<u>4,569,674</u>

(8) LEGAL RESERVES

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

(9) LOANS

This item represents loans granted from the following parties:

	Currency	Unutilized		30 June 2022 (Unaudited)		31 December 2021(Audited)	
		balance	Interest	Short-term	Long-term	Short-term	Long-term
		JD	%	JD	JD	JD	JD
Bank al Etihad – Jordan Hotels and Tourism Co.	JD	1,211,140	3.5%	133,333	655,527	-	425,188
Cairo Amman Bank – Jordan Hotels and Tourism Co.	JD	643,748	3%	-	1,356,252	166,664	833,336
Cairo Amman Bank – Jordan Himmeh Mineral Co.	JD	608,530	3%	-	2,391,470	-	1,408,049
Cairo Amman Bank – Nabatean Hotels Co. 1	JD	970,665	3.25%	153,847	875,488	-	1,029,335
Cairo Amman Bank – Nabatean Hotels Co. 2	JD	1,067,941	3%	-	932,059	166,664	765,395
Cairo Amman Bank – Amman Tourism Investment Co. 1	JD	-	3.5%	153,847	1,846,151	-	2,000,000
Cairo Amman Bank – Amman Tourism Investment Co. 2	JD	1,000,000	3%	-	1,000,000	166,664	833,336
Cairo Amman Bank – National Hotels and Tourism Co. 1	JD	1,000,000	3%	-	1,000,000	166,664	833,336
Cairo Amman Bank – National Hotels and Tourism Co. 2	JD	1,892,183	3%	-	107,817	-	-
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	1,437,030	3%	-	262,970	141,664	121,306
Cairo Amman Bank – Zara South Coast Development Co.	JD	1,435,431	3%	-	264,569	141,664	122,905
				<u>484,035</u>	<u>10,692,303</u>	<u>949,984</u>	<u>8,415,194</u>
Less: Unearned governmental grants				<u>(22,187)</u>	<u>(1,324,736)</u>	<u>(23,208)</u>	<u>(813,330)</u>
				<u>461,848</u>	<u>9,367,567</u>	<u>926,776</u>	<u>7,601,864</u>

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

Period	JD
1 July 2022 – 30 June 2023	484,035
1 July 2023 – 30 June 2024	1,768,069
1 July 2024 – 30 June 2025	3,109,983
1 July 2025 – 30 June 2026	2,484,823
1 July 2027 and thereafter	3,329,428
	<u>11,176,338</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 (Parent Company).

(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:

	For the six months ended 30 June	
	2022	2021
	JD	JD
Prior years' income tax	23,217	1,716
Deferred income tax, net	<u>31,169</u>	<u>(1,054,647)</u>
	<u>54,386</u>	<u>(1,052,931)</u>

Provision for income tax -

Movements on the provision for income tax were as follows:

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period / year	83,812	83,348
Income tax for the period / year	-	2,898
Prior years' income tax	23,217	1,716
Income tax paid during the period / year	<u>(26,186)</u>	<u>(4,150)</u>
Ending balance for the period / year	<u>80,843</u>	<u>83,812</u>

Management believes that the recorded provision for income tax is sufficient to meet the tax obligations as of 30 June 2022.

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 2021.

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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	2018	-
Jordan Hotel Supplies Trading LLC	2019	2019
Red Sea Hotels LLC	-	2017
Zara Agricultural LLC – Under liquidation	2019	-
South Coast Real Estate Development LLC	-	2020
South Coast Hotels LLC	-	2020
Zara South Coast Development LLC	-	2017
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 2022 JD (Unaudited)	31 December 2021 JD (Audited)
Beginning balance for the period / year	5,048,749	3,682,946
Tax effect of changing tax rate	-	134,834
Tax effect of accumulated tax losses carried forward	418,458	1,250,512
Tax effect of accumulated tax losses released	(480,816)	(19,543)
Ending balance for the period / year	4,986,391	5,048,749

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.

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Movements on deferred tax liabilities were as follows:

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period / year	308,973	301,522
Change in fair value of financial assets	(12,250)	3,809
Depreciation differences related to machinery and equipment and computer hardware and software, net	(31,189)	3,642
Ending balance for the period / year	265,534	308,973

(11) OTHER CURRENT LIABILITIES

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Accrued expenses	2,390,485	1,350,963
Deferred grant income *	1,299,981	1,399,981
Social Security Corporation deposits **	5,429,151	4,836,573
Unearned governmental grants***	2,146,980	1,703,637
Guest deposits	1,494,642	1,200,013
Contractors' accruals and retentions	384,563	373,480
Cooling units supplier	272,406	340,254
Sales tax deposits	87,783	37,696
Accrued finance cost on Social Security Corporation deposits	68,071	35,075
Others	778,603	590,778
	<u>14,352,665</u>	<u>11,868,450</u>
Non-current portion	8,616,317	7,711,024
Current portion	<u>5,736,348</u>	<u>4,157,426</u>
	<u>14,352,665</u>	<u>11,868,450</u>

* This item represents a grant amounting to USD 2,824,859 (JD 2,000,000) which Amman Tourism Investment Company (subsidiary) received from Hyatt Hotels Corporation during January 2019 as an incentive to renew the Management Agreement. During the six months ended 30 June 2022, an amount of JD 100,000 was recognized in the interim condensed consolidated statement of profit or loss (2021: JD 100,000).

** This item represents deposits from Social Security Corporation in order to benefit from "Hemayeh", "Estidameh", and "Ta'afi" programs which was implemented by the Group following the mandate of Defense Order No. (14) and (24).

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*** This item represents the discounted balance of deposits from Social Security Corporation and loan facilities backed by the Central Bank of Jordan to support tourism sector that was impacted by COVID-19 pandemic of an amount of JD 800,057 and JD 1,346,923, respectively. These facilities were granted with below-market interest rates. This balance will be amortized over the duration of the granted facilities.

(12) SEGMENT INFORMATION

This item represents the following:

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

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* Hotels' net operating revenue consist of the following:

	Hotel InterContinental Jordan	Grand Hyatt Amman Hotel	Dead Sea Movenpick Resort	Petra Movenpick Resort	Aqaba Movenpick Resort	Nabatean Castle Movenpick Hotel	Tala Bay Movenpick Resort	Total
	JD	JD	JD	JD	JD	JD	JD	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	305,933	367,789	585,515	63,502	54,468	445	144,660	1,522,312
	<u>5,768,027</u>	<u>4,251,217</u>	<u>5,298,235</u>	<u>4,042,460</u>	<u>2,732,673</u>	<u>140,281</u>	<u>3,513,085</u>	<u>25,745,978</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	45,234	64,613	64,772	51,765	96,015	7,714	132,725	462,838
	<u>5,171,844</u>	<u>3,979,981</u>	<u>4,212,077</u>	<u>2,330,783</u>	<u>2,734,153</u>	<u>341,049</u>	<u>3,090,929</u>	<u>21,860,816</u>
Net operating revenues	<u>596,183</u>	<u>271,236</u>	<u>1,086,158</u>	<u>1,711,677</u>	<u>(1,480)</u>	<u>(200,768)</u>	<u>422,156</u>	<u>3,885,162</u>

	Hotels' segment *	Other segments	Eliminations	Total
	JD	JD	JD	JD
For the six months ended 30 June 2021 (Unaudited) -				
Operating revenues	9,421,499	218,322	(110,930)	9,528,891
Operating expenses	(11,801,297)	(115,404)	110,930	(11,805,771)
Net operating revenues	<u>(2,379,798)</u>	<u>102,918</u>	<u>-</u>	<u>(2,276,880)</u>

Other information –

Interest income	56,059	1,692	-	57,751
Finance costs	(230,947)	(100,070)	-	(331,017)
Depreciation	(3,995,311)	(15,785)	-	(4,011,096)

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* Hotels' net operating revenue consist of the following:

	Hotel InterContinental Jordan	Grand Hyatt Amman Hotel	Dead Sea Movenpick Resort	Petra Movenpick Resort	Aqaba Movenpick Resort	Nabatean Castle Movenpick Hotel	Tala Bay Movenpick Resort	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Operating revenues -								
Rooms revenue	1,051,767	723,974	1,072,366	-	1,133,839	32,134	1,635,402	5,649,482
Food and beverage revenue	948,434	531,898	701,872	-	427,826	20,945	693,845	3,324,820
Other departments revenue	90,118	68,597	135,988	53,866	35,414	25,323	37,891	447,197
	<u>2,090,319</u>	<u>1,324,469</u>	<u>1,910,226</u>	<u>53,866</u>	<u>1,597,079</u>	<u>78,402</u>	<u>2,367,138</u>	<u>9,421,499</u>
Operating expenses -								
Rooms expenses	323,679	221,652	268,720	94,865	271,963	38,315	281,581	1,500,775
Food and beverage expenses	879,271	525,382	581,805	143,992	387,481	50,021	520,001	3,087,953
Other departments expenses	134,551	40,048	158,713	5,539	74,014	19	114,163	527,047
Administrative and marketing expenses	1,274,264	1,004,862	1,263,929	422,458	1,051,981	126,820	1,210,337	6,354,651
Other expenses	58,650	107,379	3,179	15,518	51,295	3,490	91,360	330,871
	<u>2,670,415</u>	<u>1,899,323</u>	<u>2,276,346</u>	<u>682,372</u>	<u>1,836,734</u>	<u>218,665</u>	<u>2,217,442</u>	<u>11,801,297</u>
Net operating revenues	<u>(580,096)</u>	<u>(574,854)</u>	<u>(366,120)</u>	<u>(628,506)</u>	<u>(239,655)</u>	<u>(140,263)</u>	<u>149,696</u>	<u>(2,379,798)</u>

	Hotels' segment JD	Other segments JD	Eliminations JD	Total JD
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Assets and Liabilities

As at 30 June 2022 (Unaudited)

Segment assets	201,668,445	57,526,590	(59,145,163)	200,049,872
Segment liabilities	76,620,637	25,175,142	(59,145,163)	42,650,616

As at 31 December 2021 (Audited)

Segment assets	200,299,184	58,762,924	(60,733,785)	198,328,323
Segment liabilities	73,651,248	25,777,225	(60,733,785)	38,694,688

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(13) BASIC AND DILUTED EARNINGS (LOSSES) PER SHARE

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
Profit (loss) attributable to equity holders of the Company (JD)	1,223,517	(2,084,062)	(1,253,441)	(5,706,856)
Weighted average number of shares (Share)	150,000,000	150,000,000	150,000,000	150,000,000
	JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic earnings (loss) per share attributable to the equity holders of the Company	0/008	(0/014)	(0/008)	(0/038)

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

(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
	2022	2021		2022	2021
	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	77.9	77.9
Nabatean Hotels LLC	3,300,000	3,300,000	Nabatean Castle Hotel and Petra Movenpick Hotel	100	100
Amman Tourism Investment LLC	16,500,000	16,500,000	Grand Hyatt Amman Hotel, Hyatt Tower and Zara Center	100	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
Zara Agricultural LLC	100,000	100,000	Plants	54.3	54.3
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	14,000	14,000	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 2022 JD (Unaudited)	31 December 2021 JD (Audited)
Non-current assets-			
Advance payments for land purchases	(Chairman of Board of Directors)	<u>111,200</u>	<u>111,200</u>
Current assets -			
Cash at banks - Arab Bank, Bank al Etihad, and Cairo Amman Bank	(Shareholders)	<u>17,406,005</u>	<u>15,202,368</u>
Accounts receivable - Amounts due from Cairo Amman Bank	(Shareholder)	<u>25,476</u>	<u>11,420</u>
Non-current liabilities -			
Long-term loans - Cairo Amman Bank and Bank al Etihad	(Shareholders)	<u>9,367,567</u>	<u>7,601,864</u>
Current liabilities -			
Current portion of long-term loans - Cairo Amman Bank and Bank al Etihad	(Shareholders)	<u>461,848</u>	<u>926,776</u>
Due to a bank - Cairo Amman Bank	(Shareholder)	<u>4,818,995</u>	<u>5,394,281</u>

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

	Nature of the relationship	For the six months ended 30 June	
		2022 JD	2021 JD
Finance costs – Arab Bank, Bank al Etihad and Cairo Amman Bank	(Shareholders)	212,999	122,853
Interest income – Cairo Amman Bank	(Shareholder)	53,163	57,751
Rent expense – Astra Investment Company	(Owned by Chairman of the Group)	74,484	74,484
Rent income – Cairo Amman Bank	(Shareholder)	57,040	137,603

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

	For the six months ended 30 June	
	2022 JD	2021 JD
Salaries, compensation and other benefits of key management personnel of the Group	97,350	91,350

(15) CONTINGENT LIABILITIES

The Group has outstanding bank guarantees in the amount of JD 135,201 as at 30 June 2022 (31 December 2021: JD 135,201).

(16) LITIGATIONS

In the normal course of business, the Group appears as a defendant in a number of lawsuits in the amount of JD 151,683 as of 30 June 2022 (31 December 2021: JD 264,874). 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 799,958 as of 31 June 2022 (31 December 2021: JD 725,688).

(17) COMPARATIVE FIGURES

Some of the comparative figures for the year 2021 have been reclassified in order to correspond with 30 June 2022 presentation with no effect on loss or equity for the six months ended 30 June 2021.

(18) THE OUTBREAK OF CORONAVIRUS (COVID-19) AND ITS IMPACT ON THE GROUP

The Coronavirus had an impact on the global economy and caused disruption in global markets. This led to a negative impact on the tourism and hospitality sector as a result of the restrictions put in place, also resulting in cancellations of conferences and reservations for guests.

During the previous period, the Jordanian Prime Minister issued the following defense orders under which have directly or indirectly affected the Resort's operations and performance:

1. Defense Order No. (14) on 14 June 2020 under Defense Law No. (13) for the year 1992, to introduce Hemayeh and Tamkeen programs (1) and Tamkeen (2) to protect the national economy and help it withstand its burdens, especially with regard to the sectors and economic activities most adversely affected and to support the recovery phase.
2. Defense Order No. (24) on 13 December 2020 under Defense Law No. (13) for the year 1992, to introduce Istidameh program in order to preserve job opportunities in the private sector through a collaboration between the Government of Jordan and the Social Security Corporation.

Other decisions were also issued by various Government agencies to assist in the continuity of various sectors of the Jordanian economy by reducing the financial burden to these sectors. Examples include the following:

1. The Central Bank of Jordan's resolution to compel all operating Jordanian banks to postpone loan installments payable by companies and individuals without imposing any penalties or additional financial burdens.
2. The Central Bank of Jordan's resolution to reduce the interest rates on credit facilities.
3. The Central Bank of Jordan's resolution to provide the financing needs for the public and private sectors at low interest rates to finance its operations.
4. The Central Bank of Jordan's resolution to reduce the costs associated with its sponsored programs to support the economic sectors.

The group benefited from loans backed by the Central Bank of Jordan. The utilized balance of loans was JD 11,176,340 as at 30 June 2022 and against unearned governmental in the amount of JD 1,346,923 within other credit balances.

The Group implemented some programs offered by the Social Security Corporation, such as Estidameh, Hemayeh, Tamkeen and Ta'afi enabling the Group to realize operational savings during the period. The Group also benefited from the financing programs available through the Social Security Corporation which resulted in an increase in the other credit balances under non-current liabilities in the amount of 905,293 resulting in a total balance of JD 6,229,208 as at 30 June 2022 and against unearned governmental grant amounting to JD 800,057.

Management continues to monitor the impact that the Covid-19 pandemic on the Group's operating activities and its financial performance regularly in order to take appropriate measures to enable it to carry out its activities given the current circumstances.